



# Containing the Shock Waves from Venezuela

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*Preventing War. Shaping Peace.*

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# Principal Findings

**What's new?** As Venezuela's President Nicolás Maduro prepares to seek re-election, the country's socio-economic implosion has become a major problem for its neighbours. Venezuelans are fleeing hunger and poverty by the hundreds of thousands, while disease and crime are spreading across borders.

**Why did it happen?** Lower oil prices, corruption and mismanagement have devastated the economy. A deeply unpopular government, aware that it can no longer win competitive elections, has opted for repression. Attempts to negotiate an agreement between the government and opposition have foundered.

**Why does it matter?** Financial collapse and hyperinflation make Venezuela an economic disaster zone. The crisis is no longer confined to one nation: refugees and migrants are streaming into neighbouring countries. Epidemics and violent crime are spilling over borders, endangering Colombia's fragile peace process in frontier regions.

**What should be done?** The priority is international support for humanitarian assistance along the borders. A negotiated transition is essential to restore representative politics and socio-economic well-being. This requires outside pressure, including threats of targeted sanctions and realistic demands on the Maduro government, from a coalition led by regional governments in the Lima Group.

## *Executive Summary*

As Venezuela's President Nicolás Maduro looks to cement his hold on power, his country is sinking into a trough of misery. Hyperinflation has compounded the scarcity of food and medicines. Epidemics of preventable diseases and a child malnutrition crisis are increasingly deadly. Violent crime has spiked. An estimated four million Venezuelans have emigrated, with tens of thousands crossing the border with Colombia each month in search of a new home. Venezuela's neighbours, once bystanders to its domestic tensions, face a catastrophe on their doorsteps. Latin American governments, the UN, European Union and U.S. must redouble efforts to manage the humanitarian crisis, including by ensuring neighbouring countries have the resources to cope. They also should lobby, ideally together with China, for renewed government-opposition talks aimed at reforms enabling more representative politics and economic recovery; threatening further sanctions might help push the government toward concessions.

The turbulence of 2017 has magnified Venezuela's hardship and the difficulty of finding remedies. While the government has snuffed out months of civil unrest, stripped the opposition-run National Assembly of its power and established a new Constituent Assembly with authority over all Venezuelan institutions, it has made little effort to ameliorate the country's economic woes. Instead, it claims to be protecting the Venezuelan public against foreign powers and their domestic allies, decrying reports of the very real humanitarian crisis as lies aimed at prompting an "imperialist intervention". It is also blocking efforts to provide food and medical aid.

The creeping authoritarianism of the latter years of former President Hugo Chávez's rule and the first years under Maduro has metastasised into full-blown partisan exploitation of state and judicial institutions. Information that challenges official accounts is brushed aside: the state publishes neither reliable economic data nor credible health statistics. A full-scale default on the foreign debt appears but a matter of time. Scarcity and hunger have led to increased, albeit still sporadic, looting.

The public sector's degradation has left a deep mark in peripheral regions. In its quest for hard currency, the government has set aside over 100,000 square kilometres for mining. Its lack of regulation breeds collusion among the military, criminal gangs and Colombian guerrillas. Migrants heading to Colombia must dodge competing state security forces and armed irregulars in border areas. After crossing, the poorest are left to eke out a living in a region with one of Colombia's highest unemployment rates. Malaria is again common and spreading across borders. Diseases that had been eradicated, such as measles and diphtheria, have returned.

There was modest optimism at the start of talks between the government and opposition during December 2017 and January 2018. Latin American powers, concerned by the gravity of the crisis, its spread into neighbouring countries and Maduro's subversion of the rule of law with the creation of the Constituent Assembly, stepped up their involvement. The talks yielded hints of compromise, notably in the government's agreement in principle to a reform of electoral authorities and the presence of international observers at the presidential election.

But the government's announcement of early polls – before any agreement on a date or conditions had been reached – in effect scuppered the talks, which ended acrimoniously with rival texts of an accord in circulation. The Lima Group, a body of thirteen Latin American and Caribbean governments, plus Canada, established to find an end to Venezuela's crisis, rejected Maduro's unilateral call for elections.

Despite its dismal economic record, the government occupies a strong position. The Venezuelan opposition is divided and rudderless. A sizeable segment of the electorate will vote for Maduro, either out of loyalty or due to dependence on the government for food rations and other subsidised goods. The electoral authority remains under executive control, and has proven itself willing to bend the rules in the ruling party's favour and even, in one instance, seemingly to commit outright fraud.

Harder-line opposition factions hope for a U.S. oil embargo or foreign intervention as a shortcut to a transition, but the dangers such actions entail in a country besieged by violence and hunger are too great to countenance. Instead, Latin American governments, together with Western and other powers, should take advantage of the strong international and regional consensus that exists on Venezuela's plight to intensify efforts to resolve the crisis.

The first priority is to alleviate the human suffering. The Maduro government should accept the creation of a tripartite group, proposed by humanitarian groups, comprising representatives of the Venezuelan state, civil society and specialised UN bodies, which would coordinate the provision of humanitarian assistance. Such a body should address the government's fears that allowing aid groups to deliver food would enable outside interference. The UN should work with Venezuela's neighbours to help them provide for Venezuelans leaving their country.

The second priority is to revive talks between government and opposition. Ideally, the government would postpone forthcoming presidential elections, but even if the polls go ahead, the priority afterward should be a swift return to meaningful negotiations. The U.S., Canada and the EU have sanctioned the government, and several regional leaders are considering following suit. In themselves, such sanctions rarely prove effective. But in Venezuela's case, the threat of further sanctions, especially those imposed by Latin American governments, might improve prospects for negotiations, provided that threat was accompanied by reinvigorated diplomacy and tied to specific, realistic concessions demanded of the Maduro government.

Talks should focus not only on specific electoral reforms, but on wider transitional measures, including opposition representation in key state institutions, economic reform and guarantees for top regime officials were they to eventually lose power. While past rounds have failed, negotiations between the regime and opposition, facilitated by regional or other leaders, backed by concerted international pressure and aimed at establishing a more inclusive political order and restoring checks and balances, remain the only way out of the crisis.

## *Recommendations*

*To address the humanitarian crisis stemming from the scarcity of food, medicines and other basic goods, and the consequent mass migration to neighbouring countries:*

- ❑ The Venezuelan government should facilitate the provision by international humanitarian organisations of food, medicines and other supplies vital for saving human lives, inter alia by relaxing import and exchange controls, and cease the persecution of those seeking to alleviate suffering.
- ❑ It should also agree to the formation of the tripartite group proposed by humanitarian organisations, comprising representatives of the state, civil society and specialised UN bodies, and having no agenda other than coordinating the provision of humanitarian assistance, based on principles of strict neutrality.
- ❑ The UN should follow up on Secretary-General António Guterres's commitment to provide assistance to Venezuela's neighbours to help them cope with the migration crisis; it should also provide clear and public information on issues such as health, welfare and social programs.
- ❑ Venezuela's immediate neighbours should work with multilateral bodies, particularly the UN, to ensure the needs of migrants are adequately met and those at risk of trafficking, including women and girls, are protected as best possible.
- ❑ Colombia should adapt its migration law and regulations governing educational and health services to eliminate bureaucratic obstacles to their provision for migrants.

*To help resolve the political crisis and reduce the risk of further political bloodshed:*

- ❑ The Lima Group (with the U.S. and the EU in a supporting role) should take advantage of the strong international and regional consensus that exists on the gravity of the crisis and redouble efforts to bring both sides back to the negotiating table. Those governments and organisations that have already imposed sanctions – namely, the U.S., Canada and the EU – could threaten to intensify those sanctions against individuals already listed, and to impose additional individual sanctions.
- ❑ Latin American governments in the Lima Group are considering their own sanctions. The threat, from governments in the region, of sanctions similar to those of Western powers, potentially including financial restrictions, assets freezes and travel bans on individuals, would be almost unprecedented. It could represent additional pressure on the government, which already has appeared rattled by U.S. and EU sanctions.
- ❑ Any threat of sanctions must be clearly tied to realistic steps the government would need to take to avoid such measures and, potentially, have existing sanctions lifted. These would include, first, the government's return to internationally facilitated talks and might include additional measures such as releasing political prisoners and ending arbitrary bans on political leaders and parties participating in elections;

guarantees of integrity and neutrality in key electoral and judicial institutions, which would mean opposition representation in those bodies; the restoration of the powers of parliament; and measures to stabilise the economy.

- ❑ No foreign country should impose wide-ranging embargoes, for example on the oil industry, which would be more likely to harm the public at large than change the incentives of Venezuelan leaders.
- ❑ The Lima Group should encourage China, with whom many have close economic ties, to use its leverage over the Maduro government to persuade it to enter into genuine negotiations with the opposition, on the understanding that political and economic stability in Venezuela cannot be achieved by a government lacking broad popular consensus.
- ❑ Renewed talks between the government and opposition should focus not only on electoral reforms, but on transitional measures to include opposition representation in government institutions, economic reforms and guarantees for top officials were they to lose power in elections.
- ❑ All outside powers should be ready to support such a transition with financial aid, both bilateral and multilateral.

**Caracas/Brussels, 21 March 2018**

# Containing the Shock Waves from Venezuela

## I. Introduction

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Venezuela's long-running political crisis, which until recently had been treated by most foreign powers as an internal matter, has evolved into a multifaceted social and economic emergency with increasingly troubling consequences for the region.<sup>1</sup> Under the rule of President Hugo Chávez (1999-2013), the government consolidated its grip on power, subordinating the country's nominally autonomous state institutions to the executive. This erosion of constitutional checks and balances was not only tolerated by leaders across the continent, but in some cases emulated.<sup>2</sup>

Over the past five years, however, regional and global concern over Venezuela's internal affairs has mounted. The change began with Chávez's death from cancer in early 2013 and the subsequent fall of the global oil price. External support waned under Chávez's chosen successor, Nicolás Maduro, particularly after two key regional allies – Presidents Cristina Kirchner of Argentina and Dilma Rousseff of Brazil – lost power in 2015 and 2016. The election of former Uruguayan Foreign Minister Luis Almagro as secretary general of the Organization of American States (OAS) in 2015 also intensified regional scrutiny. Though Almagro had been elected with the votes of Venezuela and its allies, he would plot a different course from that of his predecessor José Miguel Insulza. While admitting that Venezuela was in violation of the Inter-American Democratic Charter, Insulza claimed he could do nothing without member states' support.<sup>3</sup> In contrast, Almagro campaigned to hold the Maduro government accountable for what he saw as its increasingly undemocratic behaviour.

When, in March 2017, the Venezuelan Supreme Court voted to strip the opposition-dominated National Assembly of its powers, the OAS Permanent Council promised action under the terms of its democratic charter.<sup>4</sup> But regional pressure has neither checked the Maduro government's authoritarianism nor remedied the economic problems that underlie a deepening humanitarian disaster. Other Latin American

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<sup>1</sup> A rare exception was the period from April 2002, when Chávez was briefly overthrown in a coup, to August 2004, date of the presidential recall referendum. During much of these two years, the secretary general of the OAS, César Gaviria led an intensive mediation effort. For an account of this process, see "Venezuela roundtable of negotiations and agreements", UN Development Program, January 2005.

<sup>2</sup> Five years ago, governments ideologically sympathetic to Chávez's "21st century socialism" and/or appreciative of benefits, in cash or kind, derived from Venezuela's burgeoning oil income, held power across much of the region. Internally, this income helped ensure social peace and repeated victories at the ballot box for the government.

<sup>3</sup> "Insulza no ve 'ambiente' para hablar sobre Venezuela en OEA", Agencia EFE, 30 May 2013.

<sup>4</sup> The Maduro government immediately announced that it would leave the organisation, accusing Almagro of carrying out an interventionist plot at Washington's behest. The charter's ultimate sanction – suspension of membership – was thus rendered irrelevant, and the two-thirds majority required for such a move was in any event unobtainable. The Permanent Council resolution remained merely a statement of intent. "Resolution on the recent events in Venezuela", OAS Permanent Council, 3 April 2017.



countries are now buffeted by shock waves emanating from a country in the grip of hyperinflation and chronically deteriorating living conditions.

Based on field research in Caracas, on the Venezuela-Colombia border and in the mining districts of the Bolívar and Amazonas states, this report examines the latest twists of the Venezuelan crisis and their impact on the region. It outlines how major and regional powers might respond to help minimise violence and suffering, and create the conditions for a restoration of economic health and a more inclusive and stable body politic in Venezuela.

## II. Disappearing Checks and Balances

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Over nearly two decades in power, the self-styled “Bolivarian revolutionary” government in Venezuela has packed the Supreme Court, the electoral authority and other branches of state with supporters ever more unconditional in their loyalty, thereby eroding checks and balances. The process has intensified greatly in the past three years.<sup>5</sup> The hollowing-out of the public sector has left the rule of law in tatters, as the dissident attorney general acknowledged weeks before heading into exile in August 2017.<sup>6</sup> Under Chávez, when the oil price was high, the government could win elections without overt fraud, although the playing field was heavily tilted in its favour.<sup>7</sup> The first parliamentary elections under President Maduro, in December 2015, saw the opposition Democratic Unity (MUD) coalition win two thirds of seats, posing an unprecedented challenge to the government and forcing a recalibration of its means of political survival.

The government subsequently used a series of legalistic subterfuges to render the National Assembly impotent.<sup>8</sup> It blocked an opposition attempt to trigger a recall referendum against Maduro and suspended sine die regional and local elections that should have been held in 2016.<sup>9</sup> In late October that year the Vatican sought to broker negotiations between government and opposition, which collapsed after a few weeks amid mutual recriminations.<sup>10</sup> When the Supreme Court moved to assume all functions of the assembly the following year, the MUD announced it would mount mass demonstrations in a bid to force the government to honour commitments it had made during the negotiations. The protests, which took place across the country several times per week for four months, left over 125 people dead and thousands more injured and imprisoned, amid widespread allegations of torture and excessive use of force by security officers.<sup>11</sup>

The protests petered out after the government held elections for a National Constituent Assembly, purportedly in order to reform the 1999 constitution. The MUD boycotted the contest on the grounds that Maduro had called it without consulting

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<sup>5</sup> See especially Crisis Group Latin America Briefing N°31, *Venezuela: Dangerous Inertia*, 23 September 2014; Crisis Group Latin America Briefing N°35, *Venezuela: Edge of the Precipice*, 24 June 2016; and Report N°59, *Venezuela: Tough Talking*, 16 December 2016.

<sup>6</sup> Attorney General Luisa Ortega Díaz, subsequently removed from office by the National Constituent Assembly, said there was “no rule of law” in Venezuela. “Ortega Díaz: Aquí no hay Estado de Derecho, hay Estado de terror”, *El Nacional*, 20 June 2017.

<sup>7</sup> See Crisis Group Latin America Report N°42, *Dangerous Uncertainty Ahead of Venezuelan Elections*, 26 June 2012.

<sup>8</sup> Luis Almagro, “First report on Venezuela to the Chairman of the OAS Permanent Council”, 30 May 2016, pp. 40-62.

<sup>9</sup> Art. 72 of the 1999 constitution states that any elected official can have her mandate revoked once half of it has elapsed, subject to a referendum. Art. 160 specifies that state governors will serve four-year terms.

<sup>10</sup> On 1 December 2016, Cardinal Pietro Parolin, the Vatican’s secretary of state, sent a letter to President Maduro “demanding” that the government fulfil four key promises made at the negotiating table: steps to address the humanitarian crisis, establishment of an electoral timetable, restoration of the functions of the National Assembly and release of political prisoners.

<sup>11</sup> “Crackdown on dissent: Brutality, torture and political persecution in Venezuela”, Human Rights Watch/Provea, 29 November 2017.

the electorate, and that the voting system had been manipulated to give the government an automatic majority.<sup>12</sup> On 16 July the opposition-dominated National Assembly organised an unofficial referendum in which opposition leaders claimed more than seven million people participated.<sup>13</sup> Well over 90 per cent of those who voted rejected the Constituent Assembly elections and backed the “renovation” of state institutions and the creation of a “national unity government”.<sup>14</sup>

This unofficial vote failed to halt the Constituent Assembly elections. Talks between senior MUD leaders and representatives of Maduro, in which former Spanish Prime Minister José Luis Rodríguez Zapatero played a role, failed to bring the two sides together. On 30 July, the vote saw 545 pro-government representatives elected to the Constituent Assembly. The government claimed that over eight million votes had been cast. Detailed results were never published, however. The Smartmatic company responsible for the election software estimated that the true number was “at least one million” fewer. Other sources cited still lower figures.<sup>15</sup> With neither opposition witnesses nor independent observers at the polls, the real turnout was impossible to gauge.

The Constituent Assembly – which according to the government has supra-constitutional powers and authority over all existing institutions – soon proved an asset in the government’s bid for control. The assembly called regional elections for October, and electoral authorities instructed political parties to register their candidates within 48 hours, later refusing to remove from the ballot those who lost subsequent MUD primaries. This manoeuvre led to many invalid votes being cast, but it was only one of a series of irregularities that, according to one national election observation group, made it “impossible to consider [the result] a faithful expression of the citizens’ will”.<sup>16</sup>

Official tallies gave eighteen of the 23 states to the ruling United Socialist Party of Venezuela (PSUV) on a 61 per cent turnout, inverting the predictions of most polling

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<sup>12</sup> Jennifer L. McCoy, “Venezuela’s controversial new Constituent Assembly, explained”, *Washington Post*, 1 August 2017. Art. 347 of the constitution states that “the people” are sovereign and can convene a constituent assembly, while Art. 348 grants the president, among others, the “initiative” to begin the process. The MUD argued that this provision meant calling a referendum to consult the electorate first. See Crisis Group Latin America Briefing N°36, *Power without the People: Averting Venezuela’s Breakdown*, 19 June 2017. The voting system ensured the over-representation of the government’s rural strongholds by assigning each municipality a seat regardless of size. It also reserved seats for population groups, such as students and peasants, susceptible to government control.

<sup>13</sup> Alfredo Meza, “La oposición asegura que logró casi 7.2 millones de votos en la consulta contra Maduro”, *El País*, 17 July 2017.

<sup>14</sup> “El 98% de votantes en plebiscito opositor rechaza constituyente de Maduro”, Agencia EFE, 16 July 2017.

<sup>15</sup> “Statement on the recent Constituent Assembly election in Venezuela”, Smartmatic, 2 August 2017. Girish Gupta, “Venezuelan vote data casts doubt on turnout at Sunday poll”, Reuters, 2 August 2017.

<sup>16</sup> “Elección de gobernadores del 15 de octubre 2017: Informe Preliminar”, Red de Observadores de la Asamblea de Educación, 18 October 2017. Among the issues cited was the decision to eliminate or “relocate” at the last minute some 350 polling stations in opposition-dominated districts, affecting over 700,000 people. The official reason was that protests earlier in the year in these areas meant there was a “risk of violence”, even though protests had ceased in July and the army is always deployed at election time to protect polling stations.

organisations.<sup>17</sup> The reasons for the opposition's defeat remain a matter of debate, but in essence the government maximised its own vote – in part by apparent coercion and vote buying – while many previous MUD supporters stayed at home.<sup>18</sup> In particular, the explicit linkage of a government identity card (known as the *carnet de la patria*) to the provision of subsidised food handouts and other social benefits, as well as to the voting process, made many fearful that a vote against the ruling party could cost them benefits.<sup>19</sup>

In the south-eastern state of Bolívar, the result took days to announce, and for the first time in the *chavista* era, clear evidence emerged that the electoral authority's electronic count did not match the number of votes registered on paper tally sheets produced by voting machines. In other words, authorities appear to have altered the result, transforming a narrow opposition victory into a slimmer win for the government candidate.<sup>20</sup> Protests were to no avail, and the electoral authority declined even to respond to a formal opposition challenge.

Bolstered by victory in regional elections, the Maduro government moved promptly to schedule long-delayed mayoral elections for 10 December. Most major opposition parties boycotted the poll, and the government won 308 of the 335 town halls at stake. This series of defeats for the opposition brought its popularity and cohesion to their lowest ebb. The decision by the leaders of the biggest four parties in the MUD, the so-called G4, to enter fresh negotiations with the government – in a bid to obtain better conditions for a presidential election due in 2018 – led to bitter accusations from other opposition leaders that they intended to negotiate a form of “cohabitation” with the government.<sup>21</sup>

In late November, a group of politicians opposed to what they saw as the MUD's betrayal of the mandate from the 16 July plebiscite broke away to launch Soy Venezuela, a movement formally committed to “restoring the republic as soon as possible”.<sup>22</sup> Soy Venezuela opposes negotiations between the government and opposition, unless talks are preceded by the dissolution of the Constituent Assembly and the

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<sup>17</sup> Elizabeth J. Zechmeister and Noam Lupu, “Did Maduro's party really dominate Sunday's election in Venezuela? These polls should make you skeptical”, *Washington Post*, 20 October 2017. The opposition held only three states going into the election: Miranda, Lara and Amazonas.

<sup>18</sup> “¿Qué pasó el domingo?”, Observatorio Electoral Venezolano, 19 October 2017.

<sup>19</sup> Some 15-16 million Venezuelans now have these identity cards, which include a scannable QR code and are now obligatory for recipients of benefits. The government requires its supporters to scan the cards after voting, at “red points” set up near polling stations. Héctor Pereira, “El chavismo vigila de cerca la fidelidad de sus adeptos durante la elección de la Constituyente”, Agencia EFE, 30 July 2017. “Maduro: de ahora en adelante, todo se hará con el carnet de la patria”, *El Nacional*, 3 December 2017. While there is no evidence that the vote is not secret, a 2017 regional survey by Latinobarómetro showed that only 45 per cent of Venezuelans believe their vote is secret, the lowest figure in the whole of Latin America. “Informe 2017”, Corporación Latinobarómetro, 2018, pp. 40.

<sup>20</sup> PSUV candidate Justo Noguera was declared the winner by just 1,471 votes. Francisco Toro, “PSUV steals Bolívar state governor's race”, *Caracas Chronicles*, 19 October 2017.

<sup>21</sup> The MUD alliance has eighteen member parties, most of which are tiny. It has suffered splits in recent months and rarely meets. Even the G4 group of leading parties finds it difficult to reach consensus. Luis Mendoza, “Quién liderará la oposición tras la ‘implosión’ de la MUD?”, *Caraota Digital*, 26 October 2017. By February 2018, all but three member parties (including two G4 members), as well as the MUD itself, had been barred by the electoral authority from taking part in elections.

<sup>22</sup> Luisana Solano, “Con qué se come ‘Soy Venezuela’?”, *Runrunes*, 17 November 2017.

release of all political prisoners, and focus exclusively on terms for the government's removal. Its most visible leaders are María Corina Machado of Vente Venezuela, the exiled former mayor of metropolitan Caracas Antonio Ledezma and Diego Arria, a former Venezuelan ambassador to the United Nations resident in New York. They have received some international support for their stance, notably from OAS Secretary General Almagro.<sup>23</sup>

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<sup>23</sup> "Almagro y Ledezma critican al sector de la oposición que negocia con Maduro", Agencia EFE, 28 November 2018.

### III. The Economic Impact

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Once the richest economy in Latin America, Venezuela has suffered a precipitous economic decline under President Maduro. Strangled by rigid price and exchange controls, the economy has shrunk by over one third since 2012, while inflation has begun to climb almost vertically. Corrupt and inefficient state-run companies swallow resources while producing little of value. Most individuals and businesses have no means of obtaining hard currency, while a default of Venezuela's foreign debt appears ever more likely. Trade is diminished, affecting other Latin American economies. Some, including Colombia and Brazil, had seen exports to Venezuela rise sharply during the 2003-2013 oil boom, only to watch them collapse as the recession bit. Others benefited from energy subsidies the government can no longer afford to maintain at previous levels, partly because of plunging oil production.<sup>24</sup>

The central bank stopped publishing GDP and inflation figures some time ago, but according to the finance commission of the opposition-led National Assembly, the monthly rate passed the 50 per cent mark – conventionally regarded as the threshold of hyperinflation – in October 2017. The opposition puts accumulated inflation for 2017 at 2,616 per cent. The International Monetary Fund projects 2018 inflation of 13,000 per cent, although some estimates are even higher.<sup>25</sup> Despite half a dozen increases in the minimum wage in twelve months, by January 2018 its purchasing power had fallen to a fifth of its value over that time. In the same period, oil production – which accounts for almost all export earnings – fell by 29 per cent.<sup>26</sup>

Venezuela is on the brink of a major default on its foreign debt, which would be the first in the region since the Argentine debt crisis of 2001. In early November 2017, President Maduro announced that he would seek to “restructure and refinance” the country's debt and invited bondholders to a meeting in Caracas. But he has put forward no plan and negotiations have not begun. The chances of an orderly restructuring are close to nil, because U.S. sanctions in place since mid-2017 make it an offence under U.S. law to loan money to the Venezuelan government or to *Petróleos de Venezuela (PDVSA)*, the state oil company, except under certain, highly limited circumstances.<sup>27</sup>

So far, bondholders have been reluctant to call in debts, at least so long as Venezuela continues to meet some payments. But a point of no return is likely to arrive at which a full-scale default – either on sovereign bonds or those of PDVSA or both – becomes unavoidable. Nearly \$10 billion in repayments is due in 2018, and despite oil prices clawing back above \$60, fast-declining production and other structural

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<sup>24</sup> Most are Caribbean and Central American countries belonging to the Petrocaribe group (Petrocaribe is an energy cooperation agreement, launched by the Chávez government in 2005, whereby Venezuela supplies oil on preferential terms to countries in and around the Caribbean; there are currently fourteen beneficiary countries). Cuba, which is a member of Petrocaribe but enjoys its own energy deal with Venezuela, has had to turn to countries like Russia and Algeria to make up the shortfall.

<sup>25</sup> Report by Alejandro Werner, head of IMF Western Hemisphere Department, 25 January 2018.

<sup>26</sup> “Ante la grave situación que aqueja hoy al pueblo venezolano”, open letter to President Maduro from 100 leading economists, 12 January 2018.

<sup>27</sup> Executive Order No. 13808, Presidency of the United States, 24 August 2017.

problems mean Venezuela will continue to run a massive budget deficit. Unable to sustain itself without outside aid, the country will be pushed into ever greater dependence on a handful of allies – primarily Russia and China.

Debt crises are destabilising events for financial markets, particularly when a relatively large economy is involved. In the case of Venezuela, the financial ripple effect abroad may be limited because the rest of the region is in much better shape and the likelihood of default has been priced into the market for years. With the country's enormous potential for attracting investment in oil and other basic industries, its domestic recovery could be fairly rapid. But that – and indeed even an initial restructuring deal for Venezuela's debt – would require the government taking steps to reform the economy. Under Maduro, and with sanctions in place, such a reform is virtually unthinkable. The president insists the economic problem is one of external aggression aimed at regime change, while sources of fresh finance are sharply reduced by lack of access to the U.S. financial system.

Venezuela's foreign trade has slumped, too. In the first quarter of 2017, trade between Colombia and Venezuela contracted by 58 per cent, according to the binational chamber of commerce, Cavecol. The principal cause was the sharp decline in Colombian exports to Venezuela due to the latter's economic depression. Venezuela's imports from Colombia were worth just \$70 million, compared with \$255 million in the first quarter of 2016.<sup>28</sup> By 2008, with annual bilateral trade running at over \$6 billion, Colombia's growth rate was 5-6 per cent per annum; it is now around three points lower, due partly to the massive reduction in trade with Venezuela.<sup>29</sup>

In the case of Argentina, exports to Venezuela fell by nearly 70 per cent between 2013 and 2017. That drop followed a period of extraordinary growth from 2003-2013 – the governments of Néstor and Cristina Kirchner had developed close ties to Chávez – in which exports had risen from a mere \$139 million to \$2.15 billion. The leap in exports turned Venezuela into Argentina's fifth most important foreign market, but also brought a rash of scandals involving a multibillion-dollar bilateral fund.<sup>30</sup>

A similar pattern affected other members of the Mercosur trading bloc, which Venezuela joined in 2012 but from which it was suspended indefinitely in August 2017 when the other four members (Argentina, Brazil, Paraguay and Uruguay) declined to recognise the Constituent Assembly.<sup>31</sup> Trade between Venezuela and Mercosur countries fell by 66.7 per cent between 2012 and 2016.<sup>32</sup>

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<sup>28</sup> In January-October 2017 bilateral trade was down almost 40 per cent from the year before. "Intercambio Comercial entre Venezuela y Colombia, Octubre 2017", Cámara de Integración Económica Venezolano-Colombiana (Cavecol).

<sup>29</sup> Cited by Juan Carlos Mora Uribe, chairman of Bancolombia, in a speech at a Club Diálogos por la Democracia conference, Madrid, 14 October 2017.

<sup>30</sup> Hugo Alconada Mon, "Gobierno cerró un polémico fideicomiso con Venezuela", *La Nación*, 24 August 2016.

<sup>31</sup> Silvio Cascione, "Mercosur suspends Venezuela, urges immediate transition", Reuters, 5 August 2017.

<sup>32</sup> "Comercio entre Mercosur y Venezuela disminuyó 67% desde su ingreso", Agencia EFE, 4 August 2017.

### A. *Fleeing from Disaster*

Of a population of approximately 31 million Venezuelans, an estimated four million live abroad, with more leaving daily.<sup>33</sup> Departures have shot up in the past two years, especially since mid-2017, because of both the economic crisis and the increasing sense that the government has closed off the electoral route to change. Even countries that do not border Venezuela have begun to see significant influxes.

Large-scale emigration is a previously unknown phenomenon in contemporary Venezuela, which saw successive waves of immigration in the twentieth century. Professionals began leaving early in the Chávez years, particularly after the mass sacking of PDVSA employees in 2003. Only recently have large numbers of urban poor started to exit, mostly by land or, in some cases, by sea in fragile boats; they are leaving, in other words, by whatever means available. Authorities in Curaçao say they intercepted 60 Venezuelan “boat people” in 2016; in 2017 the number rose to 300. In January 2018, a boat carrying over 30 Venezuelan refugees capsized off the Curaçao coast; at least four passengers are thought to have drowned.<sup>34</sup> Similar tragedies have occurred in the waters between Venezuela and Trinidad. Sudden inflows are placing considerable strain on neighbours. Colombian President Juan Manuel Santos has described a mass exodus of Venezuelans as his “worst nightmare” because of its impact on Colombia and in particular the peace process.<sup>35</sup>

### B. *A Spike in Numbers of Migrants and Asylum Seekers*

If Venezuela is unaccustomed to emigration, Colombia has little experience of mass immigration. In 2010, an estimated 100,000 foreigners of all nationalities lived in Colombia.<sup>36</sup> In December 2017, the country’s authorities said 552,000 Venezuelans were now living there, an increase of 57 per cent since July. Of these, 374,000 were estimated to be in the country illegally.<sup>37</sup> Colombia faces by far the largest inward migration in its history, with authorities estimating in early February that 15,000 Venezuelans were arriving legally to stay each month, as were many thousands of other undocumented migrants. Colombian authorities have since sought to stiffen controls over undocumented migration across the border.<sup>38</sup>

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<sup>33</sup> A poll by Consultores 21 carried out in November–December 2017 produced an estimate of four million, based on the number of families reporting emigrant members. 40 per cent of respondents indicated a desire to emigrate. The economic situation was the main reason given, but 29 per cent cited political reasons (rising to 35 per cent for those over 45). Sociologist Tomás Páez, who has studied the diaspora, says that by mid-2018 as much as 15 per cent of the population (4.5 million) could be outside Venezuela. “Sociólogo Tomás Páez: ‘Oleada de venezolanos ha sido masiva en los últimos dos años’”, *Miami Diario*, 11 December 2017.

<sup>34</sup> Raquel Chirinos, “Navegar a Curazao o morir en el intento”, *Revista Climax*, 22 January 2018.

<sup>35</sup> “Juan Manuel Santos: mi peor pesadilla es Venezuela”, Agencia EFE, 10 November 2017.

<sup>36</sup> “Colombia migration profile 2010”, International Organization for Migration.

<sup>37</sup> “El éxodo de más de medio millón de venezolanos a Colombia”, *El Espectador*, 27 January 2018.

<sup>38</sup> Border and migration control measures announced by President Santos on 8 February, including dispatching over 3,000 troops to the border to patrol illegal crossings, are estimated by authorities to have reduced daily legal crossings from Venezuela to Colombia by 10,000. “Cancillería: Desde Venezuela entran 10.000 personas menos diariamente”, *El Espectador*, 18 February 2018. See also “‘Migración venezolana, en el máximo nivel de importancia’: Canciller”, *El Tiempo*, 31 January 2018; “Venezolanos: la migración más grande en la historia del país”, *El Tiempo*, 30 March 2017.



Many Colombians have reacted with sympathy and solidarity, and some business leaders stress that immigration has long-term benefits. But the country is ill-prepared for the potential short- to medium-term disruption. There have been protests over alleged health threats and rising crime.<sup>39</sup> Growing xenophobia, especially in border regions, is a risk. Colombian Foreign Minister María Ángela Holguín has expressed worry over migration's impact on the country's post-conflict development. She said in January 2018 that the government treats the issue as one of "maximum importance".<sup>40</sup> That same month, as the government stepped up efforts to deal with the influx, Venezuelan migrants were evicted from a makeshift camp in Cúcuta – and 120 of them deported – following protests against their presence by local residents, although President Juan Manuel Santos has stressed that migrants entering legally are welcome.<sup>41</sup>

Other neighbours also feel the effects of the exodus. The southern Caribbean hosts some 60,000 Venezuelan emigrants, two thirds of them in Trinidad and Tobago, amounting to nearly 3 per cent of the country's population.<sup>42</sup> The Curaçao government said in early 2018 it would set up a tent camp for refugees, estimated by some sources to number as many as 1,000. About 40,000 Venezuelans have headed south to Brazil, where their first port of call is the country's poorest and least populated state, Roraima. They include at least 2,000 indigenous Warao from the Orinoco delta. In December, faced with unprecedented strain on health and welfare services, the Roraima state governor declared a social emergency, while a UN official said shelters were "crowded to their limit".<sup>43</sup> Even countries further afield are affected. Some 62,000 were reported to be living in Ecuador by late 2017 – up from less than 5,000 as recently as 2011.<sup>44</sup> An average of one Venezuelan migrant arrived in Argentina every 20 minutes in the latter half of 2017.<sup>45</sup> In neighbouring Chile, Venezuelans were reportedly among the fastest-growing immigrant communities.

The corrosion of the political climate in mid-2017 has also triggered a rise in the number of Venezuelans seeking asylum, especially in neighbouring countries. Some were former political prisoners or dissidents, including prominent politicians, forced into exile by persecution. Others may have seen asylum as a means of circumventing

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<sup>39</sup> "Habitantes de Cúcuta protestan por la llegada de 900 venezolanos", *El Espectador*/Agencia EFE, 22 January 2018.

<sup>40</sup> "Migración venezolana, en el máximo nivel de importancia": Canciller", op. cit. At a press conference in Washington, Holguín had said the cost of dealing with large numbers of Venezuelan migrants "complicates" the task of fulfilling commitments under the peace agreement with FARC rebels in health, education and economic development. "Crisis en Venezuela 'complica' paz en Colombia: canciller desde EE. UU.", *El Espectador*, 21 November 2017.

<sup>41</sup> "Desalojan a venezolanos alojados en parque de Cúcuta", *La Opinión/Colprensa*, 24 January 2018.

<sup>42</sup> For the latest figures, see "Situation update – Venezuela", UN High Commissioner for Refugees.

<sup>43</sup> Anthony Boadle, "Venezuelan migrants pose humanitarian problem in Brazil", Reuters, 11 December 2017.

<sup>44</sup> "La inmigración venezolana a Ecuador", *El Nacional*, 13 January 2018; "Perfil migratorio del Ecuador", International Organisation for Migration, 2012.

<sup>45</sup> Carlos Frías, "La llegada de venezolanos creció 140% en 2017: entró 1 cada 20 minutos", *Clarín*, 14 January 2018.

immigration laws, regardless of the validity of their claims.<sup>46</sup> The UN High Commissioner for Refugees (UNHCR) reported 34,000 requests for asylum by Venezuelans worldwide in 2016, but in mid-2017 said the figure for the year had already reached 39,000. Top destinations were Brazil, Costa Rica, Mexico, Peru, Spain and the U.S. (where, according to U.S. Citizenship and Immigration Services, as of mid-2017, one in five asylum seekers was Venezuelan).<sup>47</sup>

### C. *Living on the Street in Cúcuta*

The Colombian border city of Cúcuta feels the deterioration of living conditions in Venezuela particularly acutely. A commercial hub in the department (province) of Norte de Santander, Cúcuta's economic well-being is tied to events on the other end of the Simón Bolívar International Bridge that links it to the Venezuelan town of San Antonio del Táchira. In September 2015, President Maduro closed the entire border, claiming it was the only way to deal with the contraband that was bleeding Venezuela of food, petrol and other basic goods. Smuggling continued to flourish, however: over 70 *trochas*, or informal border crossings, are estimated to mark the segment of the border in Norte de Santander alone. But legitimate businesses were hit hard. Thousands of Colombians resident on the Venezuelan side of the border were expelled. Thousands more fled, fearing persecution. Both domestic and international critics of the government argued that Maduro was primarily seeking a scapegoat for problems of his own making.<sup>48</sup>

In August 2016, following bilateral talks, daytime pedestrian traffic via official border crossings was restored. Since September 2017, vehicles have been allowed to cross the bridge into Colombia between 8 pm and 12 am, most of them carrying raw materials, including petrochemicals produced in Venezuela. The trucks are unloaded during the day and return empty: almost nothing is now exported to Venezuela via this route.<sup>49</sup> A study carried out by the Colombian foreign ministry and the International Organization for Migration showed that until December 2016, almost three quarters of those crossing the border to stay were Colombians or people with dual Colombian-Venezuelan nationality.<sup>50</sup> The proportions changed suddenly and dramatically after the Constituent Assembly election in Venezuela, suggesting that – as polling also indicates – the exodus is driven partly by the sense that a political settlement to the

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<sup>46</sup> Yeganeh Torbati, "U.S. immigration agency to review newest asylum cases first in bid to detain fraud", Reuters, 31 January 2018.

<sup>47</sup> "Overview of UNHCR's operations in the Americas", Executive Committee of the High Commissioner's Programme, 19 September 2017. UNHCR now has a Venezuela situation office based in Bogotá to monitor developments and make recommendations. The UNHCR reports 145,322 asylum requests from Venezuelans between 2014 and March 2018 (see Appendix D), including over 20,000 each in Brazil and Peru, over 2,000 in Ecuador, nearly 2,000 in Trinidad and 679 in Curaçao. "Asylum seekers from Venezuela 2014", UNHCR, 7 March 2018. For U.S. figures, see Patrick Gillespie, "Thousands of Venezuelans fleeing to the U.S.", CNN Money, 23 May 2017.

<sup>48</sup> "La crisis en la frontera es para encontrar un chivo expiatorio", interview with former Colombian president César Gaviria, *El Universal* (Cartagena), 4 September 2015.

<sup>49</sup> Crisis Group interview, business leader, Cúcuta, 12 December 2017.

<sup>50</sup> "Matriz de monitoreo de desplazamiento en la frontera colombo venezolana", Colombian foreign ministry/International Organization for Migration, 5 July 2017.

crisis is stalled.<sup>51</sup> On 2 August 2017, the border crossing was inundated: 90 per cent of those entering Colombia were Venezuelans, and such was the volume of traffic that people queued for up to seven hours at immigration. Since then, the ratio of Venezuelans to Colombians among those entering is put by Colombian authorities at 70:30.<sup>52</sup>

Most continue to other parts of Colombia or to countries further south. Bus companies have doubled or tripled the number of daily departures on some routes, including the service to Ipiales on the Ecuadorian border. In December 2017, one company reported attending to around 200 Venezuelan passengers a day, of whom around 125 bought tickets to Ipiales.<sup>53</sup> But many, particularly those without funds to pay for further travel, remain in Cúcuta. One survey found that among Venezuelan residents in the city, 30,000 had arrived in the previous two years, contributing to urban sprawl and poverty in a place that now has the highest unemployment rate in Colombia.<sup>54</sup> In another survey – conducted by the local chamber of commerce – 96 per cent of business owners said Cúcuta was not prepared to cope with the influx.<sup>55</sup> Over 80 per cent said the social and economic impact was negative, and 97 per cent that crime rates would climb.

In January 2018, after a meeting of the foreign ministry, the immigration service and the local authorities in Cúcuta, the government announced it would consult the UNHCR as to how to deal with some 1,200 undocumented Venezuelans – half of them children or pregnant women – who were homeless in the city.<sup>56</sup> Colombian laws and regulations are not set up to deal with mass immigration. Many children, for example, risk becoming stateless, either because they were born in Venezuela to Colombian parents or because they were born in Colombia to illegal Venezuelan immigrants. Reproductive health provisions and safeguards are limited.<sup>57</sup> The state school matriculation system, moreover, only allows Colombian birthplaces to be entered, limiting educational rights. On 8 February, during a visit to Cúcuta, President Santos announced the opening of a migrant shelter, with UN assistance.

Local church groups and NGOs do their best to cope. At an improvised kitchen a few hundred yards from the border, the parish priest provides lunch for more than 1,000 people a day, almost all of them Venezuelans, with help from the diocese and the Catholic charity group Caritas. Priority is given to the most vulnerable, and able-

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<sup>51</sup> See, for example, the Consultores 21 poll cited in footnote 33.

<sup>52</sup> Crisis Group interview, Defensoría del Pueblo, Cúcuta, 11 December 2017.

<sup>53</sup> Crisis Group interview, bus company employees, Cúcuta, 11 December 2017.

<sup>54</sup> “Cúcuta superó a Quibdó como la ciudad con la tasa de desempleo más alta del país”, *La República*, 1 March 2018. Crisis Group interview, multilateral agency, Cúcuta, 12 December 2017. The most recent unemployment figures for Colombia’s regions show that Norte de Santander has the second highest rate after Quindío. “Mercado laboral: por departamento”, Departamento Administrativo Nacional de Estadística, March 2017.

<sup>55</sup> “Encuesta de Percepción Empresarial”, Cámara de Comercio de Cúcuta, 17 August 2017.

<sup>56</sup> “Canciller buscará asesoría de la ONU sobre situación de venezolanos en Cúcuta”, *La Opinión*, 11 January 2018.

<sup>57</sup> Women and girls are typically at greater risk of abuse when displaced by conflict or economic hardship. See Isabelle Arradon, Crisis Group Commentary, “A Hidden Face of War”, 7 March 2018.

bodied men are usually left without. Some said they had occasionally gone two or three days without eating.<sup>58</sup>

The impact is also felt in the Cúcuta education sector. More than 70 per cent of children applying for a place in school in 2018 – an estimated 2,000 – were Venezuelan, and although authorities insist they can manage, other sources suggest that five more large schools would be needed to meet the demand.<sup>59</sup> The annual cost to the Colombian state of educating this number of children is put at 3,848 million pesos (\$1.36 million).<sup>60</sup> While Cúcuta is on the front line, almost all major Colombian cities, and many towns, feel some impact from the Venezuelan exodus.<sup>61</sup>

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<sup>58</sup> Crisis Group interviews with parish priest and with Venezuelan migrants, La Parada, Cúcuta, 12 December 2017.

<sup>59</sup> Crisis Group interview, official from the Norte de Santander ombudsman's office (Defensoría del Pueblo), Cúcuta, 11 December 2017.

<sup>60</sup> "Hay 6 mil cupos disponibles en escuelas de Cúcuta", *La Opinión*, 28 November 2017.

<sup>61</sup> Most of those passing through Cúcuta but intending to stay in Colombia head for Bogotá, Medellín or Barranquilla. "Cuántos venezolanos se quedan en Colombia?", infographic, *Semana*, 22 January 2018.

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## IV. Organised Crime

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Venezuela is among the most violent countries in the world. According to official figures, more than 21,000 people were murdered in 2016 – a rate of over 70 per 100,000.<sup>62</sup> Independent experts suggest that as many as half these murders are connected to organised crime, whose main activities are drug trafficking, kidnapping, extortion, smuggling and money laundering.<sup>63</sup> According to one specialist NGO, the third quarter of 2017 saw an 80.5 per cent increase in reported instances of organised crime compared with the previous year, with extortion the most common. Disturbingly, a majority of suspects were police.<sup>64</sup>

One of the manifestations of this increase is the proliferation of “mega-gangs” (*megabandas*), a score of which now exist. These large criminal groups, with dozens of heavily armed members, often work closely with prison-based crime bosses, who control around half of the country’s jails and use them as hubs for multiple rackets.<sup>65</sup> One specialist speaks of the Venezuelan crisis’s “ripple effect” in the region, saying Venezuelan organised crime outfits are expanding to other parts of the region, in particular smaller Caribbean states where they have a comparative advantage and can make alliances with local gangs.<sup>66</sup> By one estimate, crime and violence cost the Caribbean around 3 per cent of its GDP, and the problem has been worsening for some time. Increasing lawlessness and poverty in Venezuela is acknowledged by crime and security experts to be contributing to the deterioration.<sup>67</sup>

The government recognises the existence of organised crime. But it attributes the proliferation of these groups to what it calls a policy of “asymmetrical warfare” against Venezuela by its international and domestic enemies, including the U.S. and opposition political parties.<sup>68</sup> It has mounted joint police and military operations, known as OLPs, or Operations to Free the People, particularly in urban neighbour-

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<sup>62</sup> “Informe Anual de Gestión 2016”, Ministerio Público. Attorney General Luisa Ortega, in her annual reports for 2015 and 2016, broke with the official policy of concealing crime statistics. She was removed from office in August 2017 by the National Constituent Assembly. No annual report more recent than 2009 is now available on the website of the Public Ministry of Venezuela. Independent crime experts claim the murder rate is even higher than the figures released by Ortega. The precise figure is a matter of dispute, however. “Is violence in Venezuela levelling off?”, *Insight Crime*, 4 July 2016. In 1998, the year before Chávez came to power, there were fewer than 5,000 murders.

<sup>63</sup> Marcos Tarre Briceño, “Cómo afecta la delincuencia organizada al ciudadano?”, *Observatorio del Delito Organizado*, October 2015.

<sup>64</sup> “La extorsión fue el delito más denunciado en el 3er trimestre del 2017”, *Observatorio del Delito Organizado*, 28 November 2017.

<sup>65</sup> Ibis León, “19 megabandas dedicadas al crimen organizado operan en el país”, *Efecto Cocuyo*, 10 March 2017. “Venezuela Prisons: ‘Pranes’ and ‘Revolutionary’ Criminality”, *Insight Crime*, 11 September 2017.

<sup>66</sup> Crisis Group interview, Venezuelan crime reporter, Caracas, 6 October 2017.

<sup>67</sup> “Venezuela’s crisis spills over to the Caribbean”, *Caribbean Economic Report*, June 2017. R. Evan Ellis, “Defense and security challenges in the Dominican Republic”, *IndraStra Global*, vol. 4, no. 2 (February 2018). See also the 2017 Inter-American Development Bank report, “Restoring paradise in the Caribbean: Combatting crime with numbers”, which puts the cost of crime and violence to the Caribbean region at 3 per cent of GDP; and the “Caribbean human development report 2012”, UN Development Program.

<sup>68</sup> “Bandas criminales y corredores desarticulados por la OLP”, *Misión Verdad*, 20 June 2016,

hoods believed to harbour such gangs, which the government says are inspired and/or directed by “Colombian paramilitaries” as part of a counter-revolutionary plot.<sup>69</sup> These operations have been criticised by domestic and international human rights groups, who accuse the security forces of hundreds of extrajudicial killings, as well as thousands of arbitrary evictions and the destruction of dwellings.<sup>70</sup> The initial motivation may have been to show the government was serious about tackling violent crime. But exiled Attorney General Luisa Ortega Díaz, removed from office in August 2017 after serving nine years in that post, alleged in November that the OLPs became “social cleansing” operations.<sup>71</sup> Others have claimed they at times served as cover for officers to carry out personal vendettas, and to substitute one preferred gang for another.<sup>72</sup>

Recent investigative reporting has pointed to the presence in Venezuela of criminal organisations from other parts of the world and the regional expansion of Venezuelan organised crime.<sup>73</sup> Research has also addressed the suspected involvement of active and retired members of the Venezuelan security forces in the transit of drugs and other contraband through Venezuelan territory.<sup>74</sup>

#### A. *Violent Competition over Smuggling Routes*

Venezuela’s economic crisis and the opportunities presented by price and exchange rate differentials have brought an exponential increase in smuggling of all kinds. As many as 250,000 head of cattle are smuggled across the border into Colombia each year, to take advantage of meat prices that are three times higher than in Venezuela. The trade may be worth \$135 million, according to the Colombian ranchers’ federa-

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<sup>69</sup> Hugo Pérez Hernáiz and David Smilde, “Venezuelan government blames Colombian paramilitaries for violence, contraband and protests”, *Venezuelan Politics and Human Rights*, 24 August 2015. In response to criticism of human rights violations during OLPs, Maduro added an H for “humanistic” to the title. He conceded that there had been “errors and ... abuses” in some cases, and promised a “purge” of the police. “Maduro reestructurará las OLP con sentido ‘humanista’, depurará la PNB e incorporará 10 mil nuevos efectivos de nivel universitario”, *Alba Ciudad*, 15 January 2017.

<sup>70</sup> “Unchecked power: Police and military raids in low-income and immigrant communities in Venezuela”, *Human Rights Watch/Provea*, 4 April 2016. By September 2016 Provea estimated that over 700 people had been killed in OLP raids. “Extra-judicial killings accompany Venezuela security raids”, *Insight Crime*, 12 September 2016.

<sup>71</sup> “Ortega Díaz denuncia a Maduro y funcionarios por asesinato sistemático de civiles”, *Runrunes*, 16 November 2017.

<sup>72</sup> “OLP: La máscara del terror oficial en Venezuela”, *Runrunes*, 2017. “Report: More than 500 people were killed in two years in Venezuelan government’s anti-crime campaign”, *Washington Post*, 5 October 2017.

<sup>73</sup> Jonathan Franklin, “Venezuelan pirates rule the most lawless market on earth”, *Bloomberg*, 30 January 2018. Foreign organised crime groups, including Mexican drug cartels, reportedly have established a presence in Venezuela. Silvia Otero and José Guaderrama, “Narcotráfico mexicano rebasa las fronteras del continente”, *El Universal* (Mexico), 7 October 2012. Mike LaSusa, “Massive bust shows Italian mafia role in LatAm drug trade”, *Insight Crime*, 30 June 2016.

<sup>74</sup> Mildred Camero, “El tráfico de drogas ilícitas en Venezuela”, *Observatorio del Delito Organizado*, 26 January 2017. See also: “Report charts evolution and militarization of Venezuela’s drug trade”, *Insight Crime*, 22 March 2017.

tion.<sup>75</sup> It is the origin of up to 80 per cent of the meat sold in Norte de Santander.<sup>76</sup> Butchers in the Venezuelan city of San Cristóbal, just an hour from the border, report difficulty in obtaining meat because cattle in transit are often diverted across the border, sometimes at the behest of National Guard soldiers manning highway checkpoints.<sup>77</sup> Cattle ranchers say guerrillas and former paramilitaries are also involved.<sup>78</sup>

But livestock is just one of an array of products, including everything from cement to car parts, that evade customs controls. The Colombian police admit that what they seize represents a “minimal” part of the trade.<sup>79</sup> The biggest business is contraband petrol, of which the equivalent of 100,000 barrels is estimated to leave the country each day. An entire tanker-full of petrol costs just a few dollars at the subsidised Venezuelan price. In Colombia petrol is thousands of times more expensive, even at the official exchange rate, making petrol contraband more lucrative than smuggling illegal drugs (which also cross the border in large amounts, but in the other direction). As economic asymmetries across the border grow, so do the incentives for and the volume of illicit trade.<sup>80</sup>

Contraband trade causes not only considerable economic damage but also violent competition for control of the *trochas* – a situation described as “criminal anarchy” by human rights defenders on the Colombian side. In the latter part of 2017, at least half a dozen shootouts took place in the immediate vicinity of the international bridge between Cúcuta and San Antonio. The protagonists are said to be the Colombian guerrilla National Liberation Army (ELN) and the Urabeños, one of the most powerful of the “criminal bands”, or *bacrim*, that emerged after the demobilisation of the right-wing paramilitaries under the government of Álvaro Uribe.<sup>81</sup> Elsewhere along the border, the Popular Liberation Army (EPL, nicknamed the Pelusos), an erstwhile Colombian guerrilla force of a little over 200, challenges the ELN. The dispute over control of the border intensified with the demobilisation last year of the much larger Colombian insurgent force, the Revolutionary Armed Forces of Colombia (FARC), whose 33rd Front used to run parts of it.<sup>82</sup>

Venezuelan territory is a useful refuge. Colombian “irregular groups use the border as a means of evading capture”, says a senior police officer. The dead are often buried on the Venezuelan side, where their relatives have no hope of finding them. Some local officials estimate the number of bodies in unmarked graves runs into the

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<sup>75</sup> Gideon Long, “Smuggled cattle and petrol join exodus from Venezuela”, *Financial Times*, 9 January 2018. “El lucrativo negocio del contrabando de leche y carne de Venezuela”, *CONtexto Gaudero*, 26 May 2017.

<sup>76</sup> Eleonora Delgado, “80% de la carne que se come en el Norte de Santander sale ilegal del país”, *El Nacional*, 7 November 2017.

<sup>77</sup> Crisis Group interview, academic from Táchira state, Caracas, 8 October 2017.

<sup>78</sup> Grace Oria, “Ganaderos de Colombia y Venezuela: guerrilla está detrás del contrabando de carne”, *Últimas Noticias*, 23 February 2017.

<sup>79</sup> Crisis Group interview, senior police officer, Norte de Santander, 11 December 2017.

<sup>80</sup> “Venezuela: crimen sin frontera”, *El País*, 2017.

<sup>81</sup> The Urabeños are also known as the Clan del Golfo, or as the Autodefensas Gaitanistas de Colombia.

<sup>82</sup> Fighting for control of border contraband and drug trafficking has now extended to charging fees (*vacunas*) to undocumented migrants to use crossings. “Venezolanos, con sitio para pasar la noche en Colombia”, *El Colombiano*, 7 February 2018.

thousands.<sup>83</sup> Venezuelans feature in the violence as both victims and perpetrators. Those who cross the border often are easy prey for groups involved in the drug industry and other illicit activities. “The danger, the fear”, wrote one man on a scrap of paper pressed into the hand of a Crisis Group analyst in Cúcuta. “It’s the guerrillas that [recruit] and they’ve fooled many into joining, out of necessity”. Authorities say the Tibú subregion has 12,450 hectares planted with coca.<sup>84</sup> Venezuelan *raspachines* (the name given to coca leaf pickers) are paid only 15-20 thousand pesos (\$5.20 to \$7) for a day’s work, as opposed to 50,000 (\$17.50) for a Colombian.<sup>85</sup>

Although less intense, smuggling also affects Venezuela’s other neighbours. In January 2018, for example, Maduro announced a 72-hour closure of the sea and air borders with the Dutch islands of Aruba, Bonaire and Curaçao, accusing the authorities there of failing to curb smuggling “mafias”. The measure remains in force, but as with the Colombian border closure, its primary impact is on legal commerce, while smuggling is barely affected. Once again, there is speculation that the Maduro government simply needed a scapegoat for domestic scarcity and inflation, especially because no prior consultation took place with the islands’ governments or that of the Netherlands.<sup>86</sup>

### B. *Illegal Mining Breeds Violent Crime*

In February 2016, President Maduro signed a decree creating the so-called Arco Minero (Mining Arc), an area larger than Cuba just south of the Orinoco river in Bolívar and Amazonas states. The aim was to open up for exploitation vast deposits of strategic minerals, including gold, diamonds, coltan, copper, nickel, uranium and bauxite. Its four stated objectives were to protect mine workers, bring mining “mafias” under control, boost state revenues and conserve the environment.<sup>87</sup> But the mining towns have been taken over by “*sindicatos*” (literally, unions) – heavily armed gangs with a structure based on that of the criminal groups which control Venezuela’s prisons.<sup>88</sup> Reports suggest that the *sindicatos* operate in collusion with security

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<sup>83</sup> Crisis Group interviews, Defensoría del Pueblo and senior police officer, Cúcuta, 11 December 2017.

<sup>84</sup> In 2016, the total for the whole of Norte de Santander was put at 24,831 hectares. “Colombia: monitoreo de territorios afectados por cultivos ilícitos 2016”, UN Office on Drugs and Crime, July 2017.

<sup>85</sup> Crisis Group interview, senior police officer, Cúcuta, 11 December 2017. Armed groups fighting for control of various illicit businesses are believed to be behind an estimated seven mass murders on both sides of the border in the period of January-February 2018. “Siete personas asesinadas en zona de frontera en territorio venezolano”, *El Tiempo*, 28 February 2018.

<sup>86</sup> “Curaçao y Aruba expresan preocupación por cierre de fronteras con Venezuela”, Agencia EFE, 22 January 2018; “Por qué cierran las fronteras de Venezuela con Aruba, Curazao y Bonaire?”, *El Nacional*, 7 January 2018.

<sup>87</sup> “Plan de ordenamiento de la gestión productiva del Arco Minero del Orinoco”, Ministerio del Poder Popular para la Comunicación y la Información, 5 December 2017.

<sup>88</sup> The term for a gang leader is *pran*, originally coined to describe prison bosses. Like their namesakes, the gang leaders are surrounded by concentric rings of armed henchmen. They extort protection money from the miners and employ extreme violence in order to maintain control. The terms *sindicatos* and *pranes* are both used to describe the gangs that control mining areas.



forces and the state government, though clashes between the military and the gangs are frequent.<sup>89</sup>

Control of mining by organised crime groups, though hardly a problem unique to Venezuela, has been exacerbated by the weakening and politicisation of institutions over the past few years. Criminal involvement heightens the risk that contraband minerals finance illegal armed groups, money laundering and other illicit activities.<sup>90</sup> Drug-running organisations have moved in force into illegal mining in recent years, using the same networks that transport drugs and taking advantage of illegally mined gold to launder revenue.<sup>91</sup> The *sindicatos* reportedly maintain a portfolio of illicit activities, including extortion, money laundering and drug trafficking.

About 250,000 people, according to official estimates, depend directly or indirectly on mining in Venezuela.<sup>92</sup> Most operate outside the law. The *sindicatos* are not the only armed organisations said to exploit the miners and the lawlessness associated with the mining region. The National Guard, the army and government officials have been accused of involvement in the illicit business at various levels.<sup>93</sup> Both the ELN of Colombia and former FARC rebels who declined to join the peace process are reportedly also involved, particularly in Amazonas. Former state governor Liborio Guarulla, who left office in 2017, said that in his state, “those in control [of illegal mining] are the guerrillas, under an unofficial agreement with the armed forces”. Guarulla says almost 30 per cent of Amazonas has already been taken over by illegal mining and that in addition to 10,000-12,000 miners there are 4,000-4,500 guerrillas.<sup>94</sup>

FARC dissident groups recruit adolescents in indigenous communities along the Orinoco, which separates Colombia from Venezuela. The former 43rd Front of the FARC, still controlled by a dissident commander who goes by the alias Jhon 40, dominates the richest mines in Amazonas as well as the drug route from Guainía,

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<sup>89</sup> “Masacres de mineros en Venezuela son resultado de la guerra por el oro entre militares y ‘pranes’”, Insight Crime, 23 February 2018. In March 2016, at least seventeen miners were murdered near the town of Tumeremo and there have been many other massacres, none of whose perpetrators has been brought to justice. Two months before the massacre, a report presented to the interior ministry by local police chief José Gregorio Lezama of the Bolívar Police Special Anti-Kidnap Command accused state police of providing weapons to the gang bosses. Jhoalys Silverio, “Informe de Comisario del Sebin revela nexos de la gobernación con pranes mineros al sur del estado Bolívar”, *Correo del Caroní*, 12 March 2017.

<sup>90</sup> “Organized crime and illegally mined gold in Latin America”, Global Initiative Against Transnational Organized Crime, April 2016. According to this report, 91 per cent of Venezuelan gold is produced illegally. Illegal mining “funds criminal and terrorist groups, facilitates money laundering and corruption, forcibly displaces local populations, speeds environmental destruction and creates situations of labour exploitation, labour trafficking and sex trafficking”.

<sup>91</sup> Use of illegally mined gold to launder drug money has become common practice for Colombian trafficking groups. See Crisis Group Latin America Report N°63, *Colombia’s Armed Groups Battle for the Spoils of Peace*, 19 October 2017. Crisis Group interviews, Bolívar state, June and October 2017.

<sup>92</sup> “Criminalización mediática deforma la verdad del Arco Minero del Orinoco”, *Prensa Digital Mipcci/Prensa Minería*, 23 October 2017.

<sup>93</sup> The *prans* have “direct links to the army [enabling them to] extract minerals such as gold, diamonds and coltan, and smuggle them out of the country with the complicity of the armed forces”. Crisis Group interview, opposition MP Américo de Grazia, Caracas, 28 October 2017.

<sup>94</sup> Crisis Group interview, Liborio Guarulla, Puerto Ayacucho, 15 October 2017. Other sources claim the number of guerrillas is as high as 7,000.

Colombia, to the Orinoco delta in Venezuela. The ELN is said to be present both in Amazonas and in Bolívar, buying coltan from indigenous miners living close to the Parguaza river. It operates in the same areas where the government has set up joint-venture mining installations. Representatives of the indigenous communities live in fear of the guerrillas after a number of community members were killed a few years ago. They are forced to sell their minerals for a pittance.<sup>95</sup>

### C. *Trafficking of People and Firearms*

In 2017, for the third consecutive year, the U.S. government included Venezuela in its list of countries that do not meet minimum standards for addressing human trafficking and are not making significant efforts to do so.<sup>96</sup> According to the U.S. State Department, Venezuela “is a source and destination country for men, women and children subjected to sex trafficking and forced labor”. The report points to a particular problem with Venezuelan women and girls forced into prostitution in the nearby Dutch territories of Aruba, Curaçao and Bonaire, as well as in Trinidad and Tobago. The pool of potential victims is wide; many are ensnared through ads on Facebook.

Reports from Curaçao and Venezuela tell of small boats leaving daily from the Paraguaná peninsula or the coast near Caracas with young women in particular aboard. A single boat trip can net the operator as much as \$4,000.<sup>97</sup> Some also arrive by plane. Loaned the money for air fares, accommodations and the tax levied on Venezuelans by local authorities, the women are then forced to work in the sex trade in order to pay off the debt. Human trafficking afflicts the region as a whole, but poverty, corruption and instability allow it to thrive. As the economic crisis worsens, the number of people falling victim to prostitution networks is increasing.<sup>98</sup> Indigenous girls aged thirteen or fourteen, from both Colombia and Venezuela, are traded and abused in the Arco Minero mining enclaves.<sup>99</sup>

There is also concern in the region that firearms originating in Venezuela, where controls are lax and corruption and smuggling rife, are contributing to even more violent crime.<sup>100</sup> Trafficked guns are often originally imported legally into Venezuela but then find their way onto the black market, frequently sold by police or military personnel. As the value of the bolívar has plummeted, so the attraction of sales to

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<sup>95</sup> Crisis Group interviews, representatives of various indigenous communities in Bolívar and Amazonas, October 2017. At the time, the price paid for a kilo of coltan ore was 80,000-100,000 bolívares, or just a few dollars at the black-market exchange rate.

<sup>96</sup> Human trafficking is defined as “the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation” (Protocol to the 2003 UN Convention Against Transnational Organised Crime). “2017 trafficking in persons report”, U.S. State Department Office to Monitor and Combat Trafficking in Persons.

<sup>97</sup> María José Montilla Lugo, “Detrás de la tragedia de Curaçao navega un negocio en dólares”, *El Estímulo*, 12 January 2018.

<sup>98</sup> Maibort Petit, “La trata de personas: un delito que en Venezuela se incrementa por la crisis económica”, *Venezuela Política*, 4 January 2018.

<sup>99</sup> Crisis Group interview, retired Venezuelan arms general, Bogotá, 19 November 2017.

<sup>100</sup> Bert Wilkinson, “Illicit gun trade”, *Caribbean Life*, 6 July 2017.

outsiders who pay in hard currency has grown. Security experts have expressed concern over the role that Venezuelan guns could play in Trinidad and Tobago, where 85 per cent of murders are carried out with firearms.<sup>101</sup> Along Colombia's border with Venezuela, although the FARC guerrillas have demobilised under the terms of a peace deal with the government, the ELN is expanding, seeking to boost its military capacity in order to strengthen its hand in faltering talks with the government. Between August and November 2016, the Colombian authorities seized almost 500 firearms in the border region.<sup>102</sup>

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<sup>101</sup> According to Trinidad and Tobago's attorney general, between 2014 and 2017 there was a 129 per cent increase in the number of gangs operating in the country and the number of gang members jumped by 60 per cent. Crisis Group interview, Venezuelan crime reporter, 6 October 2017. Rosemarie Sant, "Murder rate – 40 killings a month", *Trinidad & Tobago Guardian*, 26 December 2017. Charles Kong Soo, "Experts warn of guns for food trade with Venezuela", *Trinidad & Tobago Guardian*, 29 May 2016. "Trinidad y Tobago: crece venta ilegal de armas de Venezuela por comida", *Cuentas Claras*, 14 June 2016.

<sup>102</sup> "Colombia arrest of EPL middleman shows booming Venezuela arms market", *Insight Crime*, 28 April 2017.

## V. Unhealthy Neighbours

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In the mid-twentieth century, Venezuela was a pioneer in the eradication of tropical diseases. Now, however, as the health service verges on collapse and poverty and malnutrition spread, transmissible diseases threaten an increasing number of people.<sup>103</sup> The past few years have seen a malaria epidemic, centred in the Arco Minero, and the return of once eradicated diseases, including measles and diphtheria. The government has sought to downplay these outbreaks. The economic crisis has meant chronic shortages of vaccines. Venezuela's neighbours not only face the spread of disease across their borders, but must cope with Venezuelans seeking care not available in their own country.

Until recently, 20,000-30,000 cases of malaria a year were reported, mainly south of the Orinoco river (see Appendix F). But the malaria control program has broken down, just as the conditions for the propagation of the disease intensified. In 2017, the government reported 319,765 cases of malaria to the Pan American Health Organization (PAHO) up to week 42. The Venezuelan Society of Public Health points out that there was a 22 per cent increase in malaria cases across the region between 2010 and 2016, but that just four countries were mainly responsible. Of these, Venezuela contributed 83 per cent of cases.<sup>104</sup>

The Arco Minero is at the heart of the malaria epidemic: the deforestation and standing water associated with it provide breeding grounds for mosquitoes. Miners sleep in makeshift camps, often in hammocks. The problem is exacerbated by the lack of preventive measures and proper treatment. Lines of more than 100 people can be seen daily outside health clinics in mining areas, and a black market in malaria medicines is thriving. Treatment that should be free often fetches the price of a gram or two of gold; because of the expense patients often do not complete the regimen, selling doses to recover the cost.<sup>105</sup> Malaria infection in pregnancy is a significant public health concern and contributes to rising infant and maternal mortality.<sup>106</sup>

Those infected are often transient so carry the disease to other parts of the country or across borders. The incidence of malaria in neighbouring Colombia, Brazil and Guyana is highest near their frontiers with Venezuela due to the cross-border infections.<sup>107</sup> In Colombia, 91.9 per cent of the 565 imported malaria cases up to week 41

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<sup>103</sup> Verónica Egui Brito, "Seis epidemias en Venezuela generan alarma", *Diario las Américas*, 6 November 2017.

<sup>104</sup> By July 2017 it was estimated that there had been a further increase in malaria cases of 63.1 per cent. Crisis Group interview, Venezuelan doctor and malaria expert, Puerto Ayacucho, 2 August 2017. Sociedad Venezolana de Salud Pública, "Análisis preliminar del Informe Mundial de Malaria, caso Venezuela", 30 November 2017. Daniel García Marco, "Lo que dicen (y lo que no) de la salud en Venezuela las últimas cifras publicadas por el gobierno", BBC Mundo, 10 May 2017. "Pronunciamiento ante la grave epidemia de malaria en Venezuela", Acceso a la Justicia, 1 February 2018.

<sup>105</sup> Crisis Group interview, foreign aid worker, Caracas, 7 October 2017.

<sup>106</sup> "Malaria in pregnant women", World Health Organization, 25 May 2017.

<sup>107</sup> For the connection between deforestation and malaria, see Kelly F. Austin, Megan O. Bellinger and Priyokti Rana, "Anthropogenic forest loss and malaria prevalence: a comparative examination of the causes and disease consequences of deforestation in developing nations", *Environmental Science*, 1 March 2017. Many of the illegal miners are temporary economic migrants from other

of 2017 originated in Venezuela. The departments of Guainía, Vichada and Norte de Santander, all of which border on Venezuela, are the worst affected.<sup>108</sup> In Brazil and Guyana, too, the vast majority of imported malaria cases originate in Venezuela.<sup>109</sup>

Malaria is not the only concern. Measles has returned to Venezuela in the past two years. In September 2017, the Uruguayan health ministry, citing information received from the PAHO, warned there was a danger of “cases [of measles] imported from Venezuela”. This statement marked the first time Venezuelans heard of the spate of new infections in their country. Their government had said nothing. More than two weeks passed after the Uruguayan minister’s announcement before the PAHO noted the outbreak on its website, and even then only in the eighth paragraph of a measles “update” for the region.<sup>110</sup> Measles is highly contagious and spreads rapidly in the absence of adequate vaccination programs.<sup>111</sup>

A similar pattern has been evident with diphtheria. Venezuela had been free of the disease for more than two decades when doctors began hearing of fresh cases in the latter half of 2016. Again the outbreak was centred in Bolívar state. The government suppressed the information, although it was reported in Cuba, and in other parts of the region health services learned of the infections via the PAHO.<sup>112</sup> By late 2017, health activists said the number of cases exceeded 500. In the eighteen months to the end of 2017, 113 deaths were reported.<sup>113</sup> The bacteria can release a toxin that leads to irreversible cardiac and neurological damage. The epidemic has reached as far as the north-central state of Carabobo, with no sign of being brought under control. One expert estimated it would take at least two to three years to do so, given inadequate vaccination levels.<sup>114</sup>

Not only humans are at risk from cross-border diseases. On 24 June 2017 Colombian authorities detected an outbreak of foot-and-mouth disease at a farm close to the Venezuelan border. Colombia had been officially free of the disease since 2009, and the World Health Organization subsequently confirmed that the plague had originated in Venezuela. In June and July 2017, the Colombian ministry of agricul-

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parts of Venezuela or from neighbouring countries, who take malaria with them upon their return. Crisis Group interview, Venezuelan doctor and malaria expert, 2 August 2017.

<sup>108</sup> Malaria is not the only problem: cases of arbovirus (dengue, chikungunya and zika) in Colombia were put at 2,822 by week 36, most of them in departments bordering Venezuela. “Comportamiento de malaria, dengue, chikunguña y zika en departamentos de frontera”, Instituto Nacional de Salud, Colombia, 2017.

<sup>109</sup> “Malaria crisis in Venezuela”, an open letter by four former Venezuelan health ministers, Red Defendamos la Epidemiología Nacional, 5 September 2016. In 2017 the health authorities in Norte de Santander reported dealing with 80 malaria cases from Venezuela. *La Opinión*, Cúcuta, 17 January 2018.

<sup>110</sup> “Epidemiological update measles”, Pan American Health Organization, 22 September 2017.

<sup>111</sup> Measles fact sheet, World Health Organization, January 2018.

<sup>112</sup> The Cuban official body reporting diphtheria in Venezuela was the Centro de enlace del Reglamento Sanitario Internacional. María Victoria Fermín, “78% de pacientes con difteria tenía ciclo de vacunas incompleto”, *El Nacional*, 1 August 2017. Crisis Group interview, former Venezuelan health minister, Caracas, 24 October 2017.

<sup>113</sup> “Epidemiological update diphtheria”, Pan American Health Organization, 28 February 2018. Diphtheria, Centers for Disease Control and Prevention, 15 January 2016.

<sup>114</sup> Crisis Group interview with Venezuelan infectologist, Caracas, 24 October 2017. In most of the last ten years, vaccination against diphtheria is put at below 80 per cent.

ture seized over 130,000kg of meat and slaughtered almost 1,150 head of cattle before the outbreak was declared under control. Preventing a repeat occurrence is extremely difficult, however, because of the lucrative meat smuggling business.<sup>115</sup>

The government's policy of withholding information, and of threatening and even firing health professionals who reveal what is happening, is an aggravating factor.<sup>116</sup> It ceased publishing weekly epidemiological bulletins in late 2014, and when the information for 2016 was eventually released (perhaps by accident, since the government had consistently rejected requests to publish the bulletins), health minister Antonieta Caporale was replaced just days later.<sup>117</sup> Among other things, the figures showed a year-on-year increase of 65 per cent in maternal mortality and a rise of more than 30 per cent in infant mortality. In some cases, the reports of international organisations appear also to have been affected by the government's refusal to share accurate information. Venezuela's certification as measles-free by PAHO "cast a cloak over the truth", according to one specialist.<sup>118</sup>

The outbreak of disease over the past few years is related to the collapse of Venezuela's foreign currency reserves and the government's prioritisation of servicing the foreign debt, leading to acute shortages of vaccines due to the lack of dollars available for importing vital medicines. By early 2017, specialists were warning the country was suffering a severe vaccine shortage.<sup>119</sup> The lack of rotavirus vaccines, which protect against diarrhoea, is probably contributing to a sharp increase in infant mortality, which rose by over 30 per cent from 2015 to 2016. The problem is exacerbated not only by the ruination of the health service but by widespread malnutrition, which has left parts of the population less resilient.<sup>120</sup>

Venezuelan NGOs have made repeated requests to the government to be allowed to bring in vital medicines but have been denied permission. In November 2016 the customs service seized a shipment of medicines and food supplements belonging to

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<sup>115</sup> "Por brote de fiebre aftosa, Colombia aumenta presencia militar en frontera", Agence France Presse, 21 July 2017.

<sup>116</sup> "Venezuela's humanitarian crisis: Severe medical and food shortages, inadequate and repressive government response", Human Rights Watch, 24 October 2016. Human Rights Watch reported "doctors and nurses (...) threatened with reprisals, including firing, after they spoke out publicly about the scarcity of medicines [and] medical supplies, and poor infrastructure in the hospitals where they worked".

<sup>117</sup> On 12 May 2017, Caporale was replaced, just days after the publication of health statistics which revealed a 76.4 per cent increase in malaria cases from 2015 to 2016. It was the first time since late 2014 the figures had been released. "Venezuela health minister fired over mortality stats", BBC News, 12 May 2017. "El Boletín Epidemiológico Venezolano: porque ahora y no antes?", Observatorio Venezolano de la Salud, May 2017.

<sup>118</sup> Crisis Group interview with Venezuelan infectologist, 24 October 2017.

<sup>119</sup> "Escasez de vacunas es casi total", *El Universal*, 26 July 2017. Epidemiologists say, for example, that more than a million children over the age of one have not been vaccinated against measles. Alexandra Ulmer, "One million unvaccinated Venezuelan kids vulnerable in measles outbreak: Doctors", Reuters, 29 September 2017. PAHO officially calculates the vaccination rate in Venezuela for measles at under 90 per cent, compared with the recommended rate of 95 per cent, though some specialists believe that even the PAHO figure is years out of date. Vaccination rates for many other complaints, including chicken pox, tuberculosis, hepatitis, pneumococcal disease and diphtheria, are reported to be suboptimal.

<sup>120</sup> Crisis Group interview, foreign medical specialist, 5 October 2017.

Caritas, arguing the charity had not completed the requisite paperwork.<sup>121</sup> The government insists that talk of a humanitarian crisis is a mere pretext for an invasion.<sup>122</sup> It has not responded to a proposal by Venezuelan NGOs that UN agencies and the government join with them to deliver aid.<sup>123</sup>

Venezuelans seeking medical treatment they can no longer obtain at home are overwhelming public health facilities in Colombian and Brazilian border regions. In the Colombian border state of Norte de Santander, health authorities had run up a ten-billion peso (\$3.5 million) deficit by late 2017 they said was due to treating Venezuelan patients.<sup>124</sup> The governor of Roraima state in northern Brazil declared a health emergency in December 2016 after a threefold increase in the number of Venezuelans seeking hospital treatment.<sup>125</sup> Aid agencies also report an increase in the incidence of HIV/AIDS and syphilis as a result of cross-border prostitution in particular.<sup>126</sup>

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<sup>121</sup> “Venezuela seizes medicines sent for charity”, Agence France Presse, 25 November 2016.

<sup>122</sup> “Canciller advierte que tesis de crisis humanitaria busca justificar intervención militar”, Radio Nacional de Venezuela, 26 February 2018.

<sup>123</sup> Julett Pineda, “Codevida propone en Santo Domingo mecanismo para atender emergencia humanitaria”, *Efecto Cocuyo*, 1 December 2017.

<sup>124</sup> Figure from Instituto Departamental de Salud, Norte de Santander. Crisis Group interview, official from the departmental ombudsman’s office, 11 December 2017. Kidney dialysis alone can cost 40,000 Colombian pesos (\$14 a month). And while hospitals often decline to treat chronic cases, patients have obtained court injunctions obliging them to reverse their stance.

<sup>125</sup> “Venezuela: Humanitarian crisis spilling into Brazil”, Human Rights Watch, 18 April 2017.

<sup>126</sup> Crisis Group interviews with representatives of multilateral agency, Cúcuta, 12 December 2017.

## VI. A Way Forward

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The past eighteen months have seen a shift in the way the Venezuelan crisis is perceived abroad and the form international engagement has taken. The U.S., Canada and EU all have refused to recognise the Constituent Assembly and have imposed sanctions of various kinds.<sup>127</sup> They have begun to coordinate more closely among themselves and with the fourteen members of the Lima Group of Western Hemisphere nations, which had taken the lead in attempting to mediate an agreement between the Venezuelan government and the MUD opposition.<sup>128</sup> There now appears to be broad international consensus that the crisis is grave, that it is due mostly to the Maduro government's actions and that Venezuela's implosion must be halted. The government has so far refused to bow to pressure by accepting reforms that would restore competitive elections. Nor is it clear how humanitarian assistance can be delivered, given the government's refusal to acknowledge that there is a crisis, and its insistence that offers of aid are a cover for foreign military intervention.<sup>129</sup>

Parts of the Venezuelan opposition would look favourably on such intervention, though few openly advocate it.<sup>130</sup> Governments in the region have rejected the idea, with Brazilian foreign minister Aloysio Nunes calling it "delirium pure and simple".<sup>131</sup> In August 2017, when U.S. President Donald Trump said he would "not rule out a

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<sup>127</sup> As of 24 August 2017, U.S. citizens and those under U.S. jurisdiction are banned from providing fresh financing to the Venezuelan government or to PDVSA, except for credits of less than 30 days (to the former) or 90 days (the latter). On 22 September, Canada imposed an asset freeze and dealing prohibition on 40 designated Venezuelan officials. On 13 November, the European Council approved an export ban on arms and equipment that might be used for internal repression, as well as on surveillance equipment. On 22 January 2018, it imposed asset freezes and travel bans on seven senior officials. The U.S. has adopted similar measures against a total of 40 top officials. They include President Maduro, Vice President Tareck El Aissami and the interior minister, General Néstor Reverol. See "Venezuela-related sanctions", U.S. Department of State; "Canadian sanctions related to Venezuela", Global Affairs Canada, 22 September 2017; Maya Lester and Michael O'Kane, "European Sanctions blog – Venezuela".

<sup>128</sup> The Lima Group was founded in August 2017 as a response to the inability of the OAS to agree on a course of action toward Venezuela. Its January meeting was attended by representatives of fourteen governments: Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Guyana, Honduras, Mexico, Panama, Paraguay, Peru and St. Lucia. "Statement of the 4th meeting of the Lima Group", Santiago de Chile, 23 January 2018.

<sup>129</sup> In January 2018, for example, Maduro declared that the foreign media had published 3,800 negative items about Venezuela and that stories relating to a supposed humanitarian crisis were invented to "justify an imperialist intervention". "Presidente Maduro denuncia campaña internacional contra Venezuela para justificar intervención", Agencia Venezolana de Noticias, 8 January 2018. The government has repeatedly rejected offers of food and medical aid.

<sup>130</sup> An exception is Professor Ricardo Hausmann of Harvard University, a former Venezuelan planning minister, who argued in a January 2018 opinion column that the National Assembly should vote to remove Maduro, set up a new administration and call for foreign military "assistance" to restore democracy. Ricardo Hausmann, "D-Day Venezuela", Project Syndicate, 2 January 2018.

<sup>131</sup> "El canciller brasileño afirmó que una intervención militar en Venezuela sería un 'delirio'", Infobae, 5 January 2018.



military option” in Venezuela, the reaction to his remarks from regional capitals was uniformly negative.<sup>132</sup>

#### A. *Can Dialogue Work?*

For a little over two months, from December 2017 to February 2018, the government and opposition held talks hosted by the Dominican Republic that focused primarily on the issue of conditions for the scheduled 2018 presidential election. The foreign ministers of Chile and Mexico (both members of the Lima Group) acted as facilitators at the request of the opposition, while Nicaragua and Bolivia did the same for the government. Former Spanish premier José Luis Rodríguez Zapatero played a prominent role as “mediator”, despite reservations on the part of the opposition, much of which has long seen Zapatero as too close to the government.<sup>133</sup>

The government released 48 political prisoners just before Christmas, in an apparent bid to improve the prospects for the dialogue. But the human rights NGO Foro Penal, which provides legal services to political detainees, said on 11 January that 214 political prisoners remained in jail, and accused the government of operating a “revolving door” policy, making fresh arrests even as it released some prisoners.<sup>134</sup>

According to opposition sources, the government’s primary concern, in addition to demanding recognition for the Constituent Assembly, was the lifting of existing sanctions and the avoidance of fresh ones, an indication that these penalties had indeed played a part in persuading the authorities to sit down to talks.<sup>135</sup> As talks continued, the EU was finalising its own sanctions against government officials; Zapatero sought to persuade EU High Representative Mogherini to delay them, on the grounds that an agreement was close.<sup>136</sup>

The opposition put forward seventeen demands, including the lifting of bans on their political leaders and parties, to allow them to contest elections, a more “balanced” electoral authority (with representation for the MUD equal to that of the ruling party), international electoral observation, rights for overseas voters, equal access to the media and at least six months’ notice of the election date.<sup>137</sup> The government indicated a willingness to make concessions on a number of these demands. The concessions included permitting international election observers to monitor the polls, improving opposition access to the media and making changes to the electoral authority to provide for some opposition representation, although in each case actual

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<sup>132</sup> Javier Lafuente, Xosé Hermida, Ana Marcos and Raúl Tola, “Las potencias de América Latina rechazan una intervención militar en Venezuela”, *El País*, 12 August 2017.

<sup>133</sup> Luis Pico, “Oposición desconfía de Zapatero sin cerrarse a negociar salida de Maduro”, *El Nacional*, 25 July 2017.

<sup>134</sup> Gabriela González, “Foro Penal denuncia que diálogo detuvo liberaciones de presos políticos”, *El Estímulo*, 11 January 2018.

<sup>135</sup> Crisis Group interviews with members of opposition party leadership, Caracas, 26 January 2018.

<sup>136</sup> Crisis Group interview with EU member state ambassador, Caracas, 28 February 2018. Sanctions were imposed on 22 January against seven top officials, including Diosdado Cabello, as well as a ban on sales of arms and electronic equipment that might be used to persecute dissidents.

<sup>137</sup> Marta Monteiro, “Oposición exige 17 condiciones electorales para comicios en 2018”, *Observatorio Electoral Venezolano/New York Times*, 7 January 2018.

implementation was left vague.<sup>138</sup> But on 23 January Diosdado Cabello, vice president of the ruling PSUV, rushed a motion through the Constituent Assembly calling for elections before the end of April. Maduro not only expressed his approval but also announced his candidacy for the presidency.<sup>139</sup>

The move dealt a mortal blow to the talks. The Mexican foreign ministry immediately cancelled its participation, saying the announcement was “incompatible” with what was being discussed in Santo Domingo.<sup>140</sup> Chile, which was in the midst of a change of government, announced its “indefinite withdrawal” on 31 January. For another week, government and opposition continued to meet, but despite repeated government claims that they were at the point of signing an agreement, no deal was reached.<sup>141</sup> On 7 February, even as last-ditch efforts to rescue the talks were underway, the electoral authority announced the presidential election would take place on 22 April, nearly seven months ahead of schedule and with less than eleven weeks’ notice.

A comparison of the texts released by both sides after the talks broke down reveals that they were still some way apart. On the crucial issue of the clash of powers between the National Assembly and the Constituent Assembly, for example, the government proposed “coexistence” while the MUD demanded the restoration of the full constitutional rights of parliament and made no reference to the Constituent Assembly. The government regards the Constituent Assembly as a supra-constitutional body, meaning that a president elected while it remains in place would govern under its aegis. At a minimum, a workable transition agreement would have to restrict its role to drafting a new constitution, which in turn would be subject to approval in an internationally monitored referendum.

To improve chances of success, a future round of talks should ideally be preceded by confidence-building measures such as the release of political prisoners and an end to the judicial persecution of certain opposition leaders.

## B. *Opposition Divided*

The collapse of the talks might have restored some unity to the fractured opposition, given that the MUD’s refusal to sign an agreement brought it closer to the position of those who had always rejected these negotiations and those who resented the fact that only the four largest parties – the G4 – had been included in the delegation. But the imminence of the scheduled election forced the opposition to wrestle with the

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<sup>138</sup> “Lea el acuerdo de garantías electorales firmado por los partidos de cara a las presidenciales”, Agencia Venezolana de Noticias, 1 March 2018.

<sup>139</sup> “Nicolás Maduro: Habrá elecciones pese a un sabotaje internacional”, *Telesur*, 25 January 2018.

<sup>140</sup> Mexican foreign minister Luis Videgaray declared via his Twitter account on 23 January that the election date was “one of the most important things” being discussed and that no agreement had been reached. He added that the announcement “put an end to the seriousness” of the process.

<sup>141</sup> The government insisted a “pre-agreement” had been reached, and Maduro declared he would sign it unilaterally: “Este es el acuerdo que LA OPOSICION se negó a firmar en República Dominicana”, *Tal Cual*, 7 February 2018. The MUD’s version of the agreement also emerged: “Este es el acuerdo que el GOBIERNO se negó a firmar en República Dominicana”, *Tal Cual*, 7 February 2018. For a discussion of the rival texts, see Eugenio Martínez, “¿Que propuestas discutieron el gobierno y la oposición en República Dominicana?”, *Proavinci*, 7 February 2018.

issue of whether to take part in a poll already dismissed by its international allies as “illegitimate”.<sup>142</sup> So deep were the divisions that it took the MUD until 21 February to announce that it would not be fielding a candidate.<sup>143</sup> Each of the main parties was itself split over the decision.

Henri Falcón, leader of Avanzada Progresista (not one of the G4), and former governor of Lara state, broke with the MUD and registered his candidacy, even as last-minute meetings took place between the government’s chief negotiator, Jorge Rodríguez, and some opposition leaders pressing for the election date to be moved back.<sup>144</sup> On 1 March, Falcón signed an agreement with the government postponing the election to late May and introducing some minor improvements in conditions. These included seeking international observation, moving “red points” (where government-issued identity cards are scanned) further from polling stations and not using compulsory presidential broadcasts (*cadena*s) for campaigning. But other opposition leaders were not convinced.<sup>145</sup> The stage seems set for another opposition debacle, with Maduro able to claim a competitive election against a rival too weak and an opposition too divided to take advantage of his unpopularity. Polls indicate that, while a clear majority wants to see change, few think voting in the presidential election will solve anything.<sup>146</sup>

### C. *The Lima Group, the U.S. and EU*

The opposition’s divisions make the task of the international community yet more difficult. Talks have, for now, failed to produce a solution, despite the pressure of sanctions. Nor is one likely to emerge from an election held under current conditions, particularly given the opposition’s disarray. There is disagreement even among members of the Lima Group as to where to go in terms of fresh sanctions. Whereas the government of Mauricio Macri in Argentina, for example, has urged Washington to impose an oil embargo – something former U.S. Secretary of State Rex Tillerson said was under discussion – the group as a whole has not endorsed the move.<sup>147</sup>

The Lima Group governments, EU and U.S. should coordinate their efforts in a number of areas. Latin American countries should assist one another in dealing with the humanitarian crisis caused by mass Venezuelan migration. They should also consider using the threat of their own sanctions against figures in the Maduro government to encourage it back to the negotiating table and toward making meaningful concessions. The imposition by Latin American governments of sanctions similar to those Canada, the EU and U.S. have in place – financial restrictions, limits on weapons sales, and travel bans and asset freezes on top Venezuelan officials – would be

<sup>142</sup> “G4 de la MUD aún no llega a consenso sobre las presidenciales”, *El Nacional*, 10 February 2018.

<sup>143</sup> “Venezuela opposition to boycott ‘fraudulent’ presidential vote”, Reuters, 21 February 2018.

<sup>144</sup> “Henri Falcón revela citas de oposición y gobierno para mejorar situación electoral”, Agencia EFE/Runrunes, 28 February 2018.

<sup>145</sup> “Aplazan las elecciones presidenciales en Venezuela hasta el 20 de Mayo”, BBC Mundo, 1 March 2018.

<sup>146</sup> Jim Wyss, “Poll shows Venezuelans have lost faith in voting, even as Maduro seeks new term”, *Miami Herald*, 7 February 2018.

<sup>147</sup> “Macri en EE.UU.: pidió embargar las exportaciones de Venezuela”, *Clarín*, 8 November 2017.

almost unprecedented and embarrassing to the Maduro government.<sup>148</sup> The Lima Group also should engage with China over Venezuela, and seek to bring its policy into line as far as possible with their own. Canada, the EU and the U.S. should be prepared to use threats to tighten their sanctions on individuals and potentially sanction others, and combine this with the prospect of lifting existing sanctions as means of pressuring the government toward compromise.

#### D. *The Roles of Russia, China and Cuba*

Three important external actors oppose, to varying degrees, the stance taken by most of the region and the EU. Each plays a role in propping up the Maduro government, albeit for different reasons.

The Castro government in Cuba has provided teachers, sports instructors and medical personnel, as well as political and military cadres and an extensive intelligence network. In return, it has received cash and vital material assistance, especially in the form of virtually free oil, which has helped it survive the post-Soviet era. That aid has been cut back as the Venezuelan economic crisis has deepened, but it remains important. And with President Trump, not Barack Obama, in the White House, the hope that closer ties with the U.S. would enable Havana to wean itself from dependence on a collapsing ally has all but vanished.<sup>149</sup> That makes it harder to envisage Cuba nudging the Venezuelan government toward concessions in the near future. While Mexico in particular may be able to help offset the energy losses arising from the Venezuelan crisis, that assistance is unlikely to be enough to encourage Cuba to play a more constructive role.<sup>150</sup>

Russia, whose relationship with the Chávez government focused on arms sales, has taken advantage of Maduro's isolation and straitened financial circumstances to obtain cheap stakes in the oil sector. It has increased its shareholding in joint ventures with PDVSA in the Orinoco belt and has a claim on 49 per cent of Citgo, PDVSA's U.S. refining arm. In return, Moscow has allowed the Maduro government to restructure its bilateral debt.<sup>151</sup> Russia's relationship with Venezuela has a geopolitical hue; it cannot be viewed in isolation from the complexities of Moscow-Washington relations. In recent years, President Vladimir Putin's government has reinvigorated ties with other countries in the region whose relations with the U.S. are adversarial,

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<sup>148</sup> The OAS applied voluntary sanctions against the military leaders of Haiti after the September 1991 overthrow of President Jean-Bertrand Aristide. The decision was taken in the framework of the Santiago declaration, adopted four months earlier, in which the organisation committed itself to defend democracy, and was later reinforced by UN Security Council Resolution 940. See Thomas L. Friedman, "The O.A.S. agrees to isolate chiefs of Haitian junta", *New York Times*, 3 October 1991.

<sup>149</sup> Venezuelan oil shipments to Cuba fell to an average of 72,350 b/d in the first half of 2017, of which some 42,000 b/d were crude oil (down 15 per cent from 2016). At their height in 2008 the shipments averaged 115,000 b/d. Marianna Párraga and Marc Frank, "Venezuela oil exports to Cuba drop, energy shortages worsen", Reuters, 13 July 2017.

<sup>150</sup> Gabriel Stargardter, "Mexico studies supplying Petrocaribe oil if Venezuela govt. falls", Reuters, 23 August 2017. Mexican foreign minister Luis Videgaray has also offered subsidised oil to Petrocaribe nations.

<sup>151</sup> James Marson and Kejal Vyas, "Russia offers Venezuela debt relief", *Wall Street Journal*, 15 November 2017.

including Cuba, Nicaragua and Bolivia. While concerned about the social, economic and political turmoil in Venezuela, it is unlikely to abandon a strategic ally.<sup>152</sup>

China, too, has moved to strengthen and expand its stakes in oil and other extractive industries in Venezuela. Like Russia, China is concerned that its interests are adversely affected by the incompetence and corruption of the Venezuelan authorities, which have led to a dramatic drop in oil production, affected the quality and reliability of the product, and rendered the national debt – much of it owed to China – unpayable.<sup>153</sup> In Beijing's case, the sheer scale of the bilateral debt (on which some \$10-15 billion is outstanding) is an additional concern. In recent years, it has tightened the purse strings, and although it has allowed some flexibility in the repayment terms, it is clearly reluctant to throw good money after bad.<sup>154</sup>

Russian and Chinese interests and strategies in Venezuela diverge. While Beijing is as uncertain as other world powers about how to resolve Venezuela's crisis, its overriding concern is to ensure long-term access to raw materials and strengthen its strategic relationship with Latin America. It would not be much of a stretch, in terms of China's evolving foreign policy stance, if it were to take into account the views of the Lima Group, which includes Latin America's most important economies and Chinese trading partners, on the importance of respecting Venezuela's National Assembly and on the legitimacy of any post-Maduro regime. China's 2016 policy statement on relations with Latin America explicitly states that it will strengthen cooperation with legislatures and political parties in Latin America.<sup>155</sup>

From the Trump administration's perspective, Russian and Chinese involvement in Venezuela poses a threat to U.S. interests in the Americas.<sup>156</sup> On both sides of the partisan divide in the U.S., there are voices hostile to the notion that either Russia or China has legitimate interests in Venezuela or could be part of a transition plan. Beijing could, however, be an important part of the solution. The Lima Group and the EU could help Beijing see the advantages of using its influence with Maduro to push for change. China should listen to them and modify its "non-interventionist" stance, along lines already contemplated in its current foreign policy doctrine.<sup>157</sup>

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<sup>152</sup> Crisis Group interview, diplomatic source, January 2018.

<sup>153</sup> Matt Ferchen, "Can China help fix Venezuela?", Carnegie-Tsinghua Center for Global Policy, 24 July 2017; Crisis Group interviews, Beijing, Hong Kong and Washington, February 2018.

<sup>154</sup> China loaned approximately \$60 billion to Venezuela between 2007 and 2016. But in 2017 it made no important fresh commitments, despite repeated visits to Beijing by high-ranking members of the Maduro government. It has also declined to renegotiate the current debt. "China dials back its loans to wobbly Venezuela", *Wall Street Journal*, 24 February 2017.

<sup>155</sup> "China's Policy Paper on Latin America and the Caribbean", Ministry of Foreign Affairs of the People's Republic of China, 24 November 2016.

<sup>156</sup> "National Security Strategy of the United States of America", Presidency of the United States, December 2017, pp. 61; Crisis Group interviews, Beijing, Hong Kong and Washington, February 2018.

<sup>157</sup> Chinese foreign policy has in recent years moved away from a straightforward doctrine of non-interventionism to a more nuanced stance. See Crisis Group Africa Report N°288, *China's Foreign Policy Experiment in South Sudan*, 10 July 2017; Matt Ferchen, "Can China help fix Venezuela", op. cit.; Miwa Hirono, "China's principle of intervention", China Policy Institute, 6 April 2014.

### E. *The United Nations and Other Multilaterals*

While UN Secretary-General António Guterres has been active behind the scenes in talks on the Venezuelan crisis, the United Nations has largely steered clear of public involvement. The Security Council has shown no appetite to put the crisis on its agenda. That Moscow and Beijing are allies of Caracas and wield vetoes on the council is a complicating factor. The Organization of American States, however, has to date failed to address the crisis adequately, due to disagreements among member states and active lobbying by the Venezuelan government, employing its energy resources as inducement.<sup>158</sup> Notwithstanding efforts by the Lima Group to resolve the crisis, there is a growing sense that the UN will have to play a more active role.

It has already become involved in alleviating the spillover of the humanitarian crisis, and Guterres made an explicit pledge during his 13-14 January 2018 visit to Colombia that the UN would assist Venezuela's neighbours in coping with the external impact of the conflict. The prospect of a UN election observation mission was raised at the talks in Santo Domingo and presidential candidate Henri Falcón is petitioning the secretary-general to send one, although time appears to be against him.<sup>159</sup> Given the failure of successive mediation efforts thus far, the UN should prepare to take on the task once the conditions for a resumption of negotiations are met.

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<sup>158</sup> The situation in the OAS is changing, albeit very slowly. On 23 February 2018, nineteen countries voted to urge Venezuela to postpone the 22 April elections and hold a free and fair vote with international observation. Only five votes (Bolivia, Dominica, St. Vincent, Suriname and Venezuela itself) were cast against the motion, while two close allies of Venezuela (Nicaragua and Ecuador) abstained.

<sup>159</sup> Daniel Mendez Chacón, "Henri Falcón pidió Misión de Observación Electoral a ONU para comicios presidenciales", 2001, 2 March 2018.

## VII. Conclusion

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The Venezuelan crisis is now seriously affecting the region, and in particular Venezuela's closest neighbours. The most visible effect is the chronic migration, driven by increasingly intolerable conditions, including hyperinflation, malnutrition, disease and rampant violent crime. It might be at least partially stemmed if the government were to indicate that it is prepared to allow Venezuelans to vote freely on whether they support President Maduro's tenure. But the president has dismissed calls by the opposition and international community to enact the necessary measures that would allow such a vote. He precipitated the collapse of internationally facilitated negotiations by bringing forward the December presidential elections, now due to be held in May, without offering minimally acceptable guarantees that they would be credible.

The May election will not produce a legitimate government. It may trigger a schism within the regime, with consequences that are hard to predict.<sup>160</sup> But nor would a free election – the prospects of which appear remote, in any case – be a panacea. Such a vote would have to take place as part of a negotiated transition that provides a clear path back to more representative politics and economic and social well-being, while offering guarantees to those in government that could encourage them to hand over power should they be defeated at the ballot box. That means negotiations, currently on hold, must resume but should focus not only on electoral reforms but on wider steps to address the political, economic and humanitarian crises. If they are to work, they should ideally be preceded by confidence-building measures, be backed by international facilitation and feature a clearly established agenda, timetable and rules.

Sanctions are one of the few tools available to bring the government back to the table and convince opposition leaders that it is worth returning for further talks. Such measures are rarely in themselves effective. But the strong regional and international consensus that exists on the gravity of the crisis means that the threat of sanctions, combined with reinvigorated diplomacy, is probably now the best shot at winning concessions from the Maduro government. Any sanctions must be used sparingly and targeted carefully to avoid further harm to a suffering population. To extend or broaden sanctions without linking them to a realistic political strategy aimed at resolving or mitigating the crisis would be counterproductive.

Already Canada, the EU and the U.S. have sanctioned figures in the government, imposing a mix of asset freezes and travel bans on top Venezuelan officials, as well as restrictions of arms sales and on investment in state-run companies. The Latin American countries in the Lima Group could consider threatening to follow suit. Peru has already taken the initiative to bar Maduro from next month's Summit of the Americas in Lima, an important step to signal regional opprobrium. The threat of even modest sanctions from Latin American neighbours would be almost unprecedented in the region and would thus send a powerful signal to Caracas.

Threats to impose sanctions should be accompanied by clear demands as to the actions the government would have to take to avoid such measures. These would start with its return to talks with the opposition, but could include further steps such as

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<sup>160</sup> Crisis Group Latin America Briefing N°36, *Power without the People: Averting Venezuela's Breakdown*, 19 June 2017.

restoring political balance in key institutions, which would mean opposition representation in bodies including the Supreme Court and electoral authority; the release of political prisoners and lifting of bans on opposition parties; as well as reforms that would help address the economic crisis.

The Lima Group should also reach out to Venezuela's remaining allies, in particular Beijing, in an effort to win their backing for a broad-based effort to resolve the Venezuelan crisis. Though China has historically been reluctant to exercise its influence in such a way, its interests, as well as those of Venezuelans and the region, would be best served if it helped persuade the Maduro government to negotiate seriously with the opposition. Its significant financial and investment interests in Venezuela give it considerable clout. Washington, which has been publicly dismissive of the Chinese playing any such role, should adopt a more flexible attitude. Without Beijing, the crisis will be harder to resolve.

Most urgent is to find a solution to the burgeoning humanitarian emergency. This task must not be made contingent on a political settlement, nor must the two issues be confused. The government says it fears that humanitarian assistance will be used as a pretext for foreign military intervention. These fears appear to be stoked by some in the opposition who openly call either for an invasion or a "humanitarian intervention". It is entirely feasible for the government to work with local and foreign NGOs and specialised UN bodies to channel medical and food aid to those in need without providing cover for other intentions. Not to do so is to condemn hundreds of thousands of people to unnecessary suffering. In return, the UN, regional governments and humanitarian groups should make clear that the aid has no political strings and no goals beyond alleviating human suffering.

Venezuela's tragedy is entirely of human creation, the result of ill-advised political and economic decisions and the determination of individual leaders to hold onto power. Venezuela has the resources, natural and human, to recover, but it will not be able to do so alone. If ever this crisis was a problem purely for Venezuelans, that moment is past. Regional governments and the wider international community must bring to bear their diplomatic skills, material resources and institutional capacity to help resolve it. The longer the crisis persists, the worse it will get.

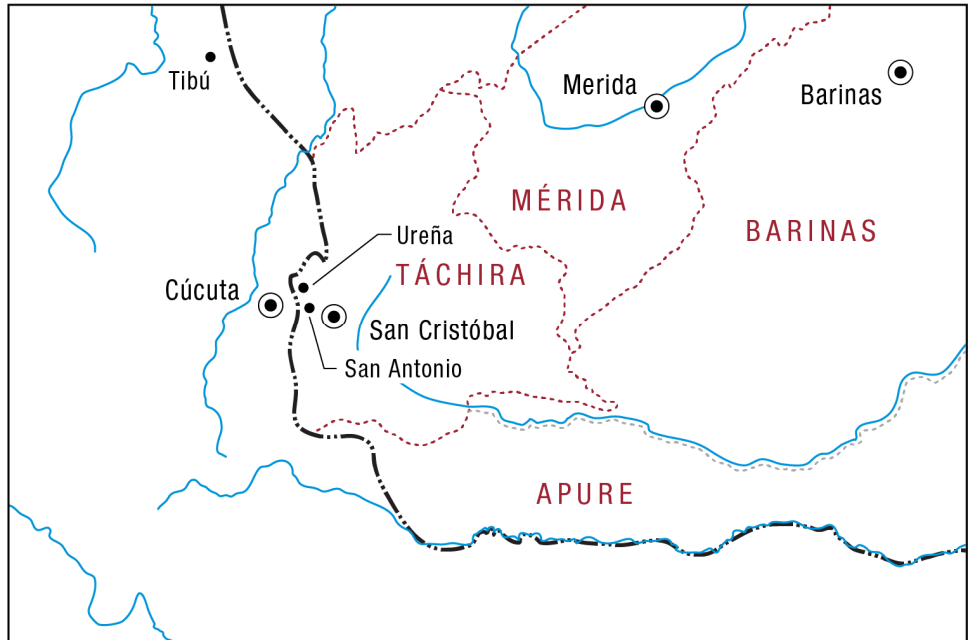
**Caracas/Brussels, 21 March 2018**



Appendix A: Map of Venezuela



Appendix B: Map of Venezuela-Colombia Border Area



Appendix C: Map of Venezuela's Mineral Arc



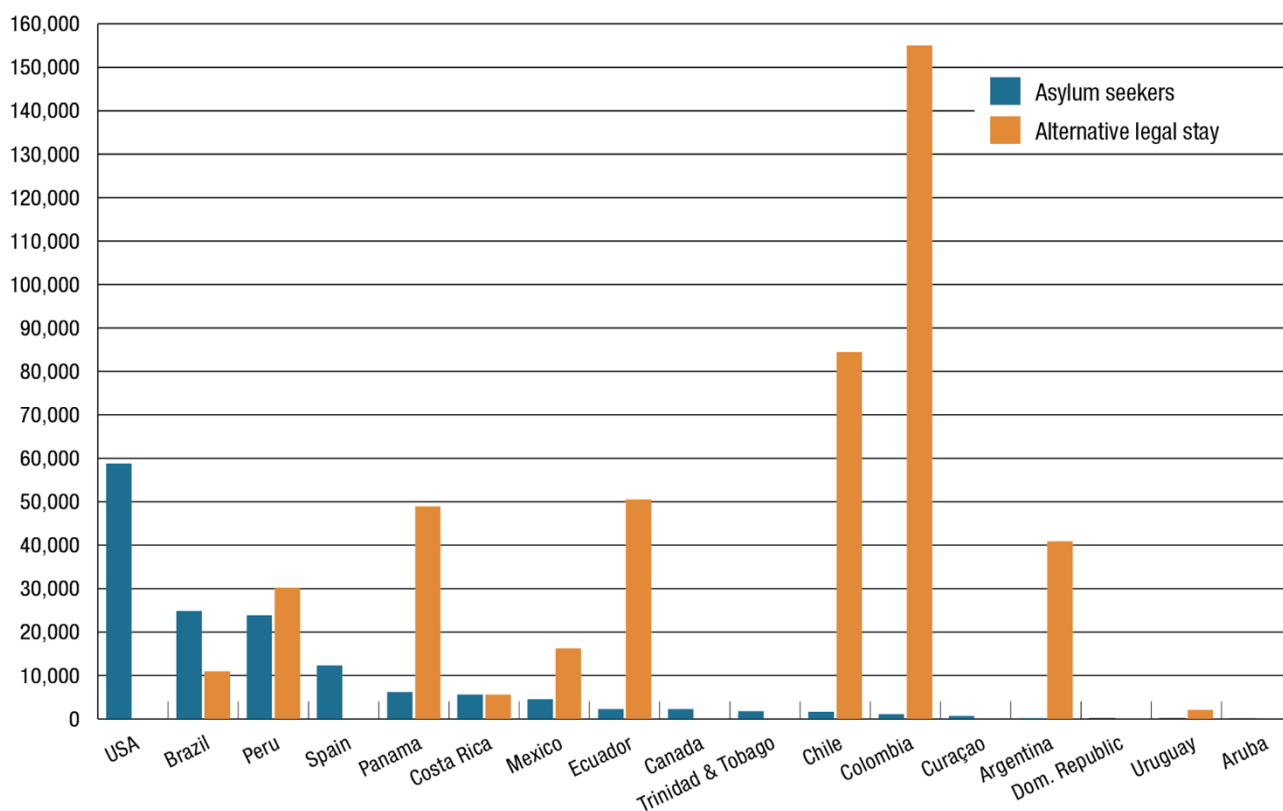
## Appendix D: Refugees from Venezuela

### Venezuelans seeking asylum/alternative legal stay 2014-2018 (as of 7 March 2018)

Host country	Asylum seekers	Alternative legal stay*
United States	58,764	–
Brazil	24,818	10,963
Peru	23,848	30,200
Spain	12,305	–
Panama	6,160	48,900
Costa Rica	5,007	5,600
Mexico	4,516	16,220
Ecuador	2,232	50,502
Canada	2,230	–
Trinidad & Tobago	1,785	–
Chile	1,607	84,479
Colombia	1,057	155,000
Curaçao	679	–
Argentina	197	40,884
Dominican Republic	51	–
Uruguay	44	2,072
Aruba	22	–
<b>Total</b>	<b>145,322</b>	<b>444,820</b>

Source: UNHCR, <https://data2.unhcr.org/en/situations/vensit>

\* Several countries across the region adopted special arrangements for Venezuelans to reside for an extended period, including temporary residence permits and labour migration visas.

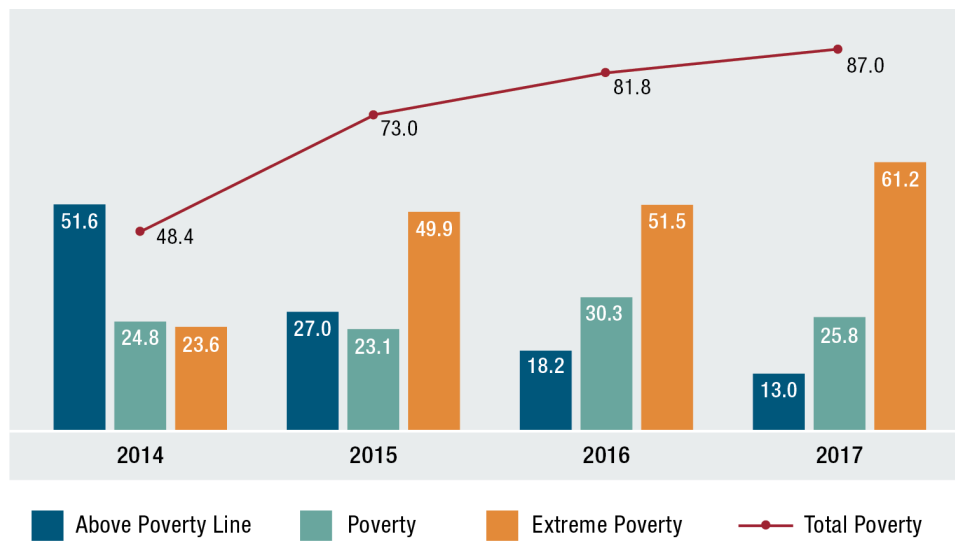


**Appendix E: Poverty and Malnutrition in Venezuela**

**Poverty according to income levels (poverty line)**

Poverty level	2014	2015	2016	2017
Above poverty line	51.6	27.0	18.2	13.0
Poverty	24.8	23.1	30.3	25.8
Extreme poverty	23.6	49.9	51.5	61.2
<b>Total poverty</b>	<b>48.4</b>	<b>73.0</b>	<b>81.8</b>	<b>87.0</b>

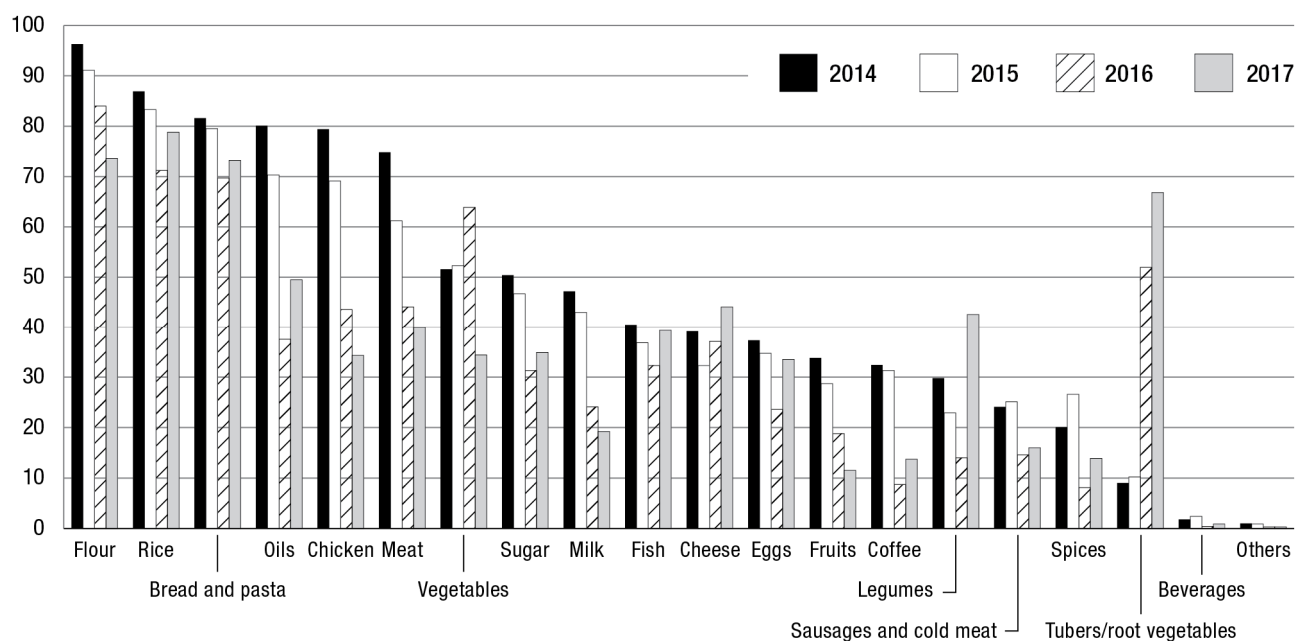
Source: Survey on Venezuelan living conditions 2017 (ENCOVI 2017)



**Weekly food purchases 2014-2017 (percentage of families)**

	2014	2015	2016	2017
Flour	96.3	91.1	84.0	73.6
Rice	86.9	83.3	71.2	78.8
Bread and pasta	81.6	79.5	69.7	73.2
Oils	80.1	70.3	37.5	49.5
Chicken	79.4	69.1	43.6	34.3
Meat	74.8	61.2	44.1	39.9
Vegetables	51.6	52.3	63.9	34.4
Sugar	50.4	46.7	31.3	34.9
Milk	47.2	43.0	24.1	19.2
Fish	40.5	36.8	32.3	39.3
Cheese	39.1	32.3	37.1	44.1
Eggs	37.3	34.7	23.6	33.5
Fruits	33.8	28.7	18.8	11.5
Coffee	32.4	31.3	8.7	13.7
Legumes	29.8	22.9	14.0	42.6
Sausages and cold meat	24.1	25.1	14.6	16.0
Spices	20.1	26.6	8.1	13.9
Tubers/root vegetables	9.0	10.2	52.0	66.8
Beverages	1.8	2.4	0.4	0.9
Others	1.0	0.9	0.3	0.3

Source: Survey on Venezuelan living conditions 2017 (ENCOVI 2017)

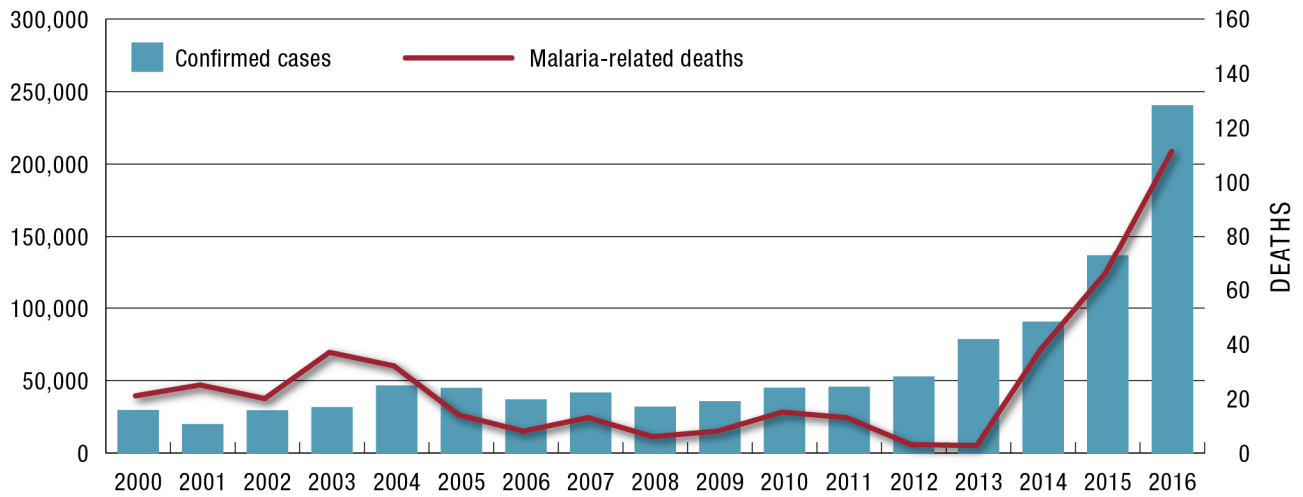


Appendix F: Cases of Malaria in Venezuela

Confirmed malaria cases and deaths in Venezuela, 2000-2016

Year	Confirmed cases	Malaria-related deaths
2000	29,736	24
2001	20,006	28
2002	29,491	23
2003	31,719	40
2004	46,655	35
2005	45,049	17
2006	37,062	11
2007	41,749	16
2008	32,037	9
2009	35,828	11
2010	45,155	18
2011	45,824	16
2012	52,803	6
2013	78,643	6
2014	90,708	41
2015	136,402	69
2016	240,613	116

Sources: WHO Global Malaria Programme; PAHO/WHO Malaria, Malaria surveillance indicators; "Carta Abierta: Preocupación por la epidemia de malaria en Venezuela", 3 November 2017, signed by former Venezuelan health ministers, available at <https://www.derechos.org.ve/actualidad/carta-abierta-preocupacion-por-la-epidemia-de-malaria-en-venezuela>



## Appendix G: Acronyms

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ELN	National Liberation Army (Colombia)
EPL	Popular Liberation Army (Colombia)
FARC	Revolutionary Armed Forces of Colombia
IMF	International Monetary Fund
MUD	Democratic Unity (opposition coalition)
OAS	Organization of American States
OLPs	Operations to Free the People
PAHO	Pan American Health Organization
PSUV	United Socialist Party of Venezuela
PDVSA	Petròleos de Venezuela
UNHCR	United Nations High Commissioner for Refugees



## Appendix H: About the International Crisis Group

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The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with some 120 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries or regions at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international, regional and national decision-takers. Crisis Group also publishes *CrisisWatch*, a monthly early warning bulletin, providing a succinct regular update on the state of play in up to 70 situations of conflict or potential conflict around the world.

Crisis Group's reports are distributed widely by email and made available simultaneously on its website, [www.crisisgroup.org](http://www.crisisgroup.org). Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The Crisis Group Board of Trustees – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring the reports and recommendations to the attention of senior policymakers around the world. Crisis Group is chaired by former UN Deputy Secretary-General and Administrator of the United Nations Development Programme (UNDP), Lord Mark Malloch-Brown. Its Vice Chair is Ayo Obe, a Legal Practitioner, Columnist and TV Presenter in Nigeria.

Crisis Group's President & CEO, Robert Malley, took up the post on 1 January 2018. Malley was formerly Crisis Group's Middle East and North Africa Program Director and most recently was a Special Assistant to former U.S. President Barack Obama as well as Senior Adviser to the President for the Counter-ISIL Campaign, and White House Coordinator for the Middle East, North Africa and the Gulf region. Previously, he served as President Bill Clinton's Special Assistant for Israeli-Palestinian Affairs.

Crisis Group's international headquarters is in Brussels, and the organisation has offices in ten other locations: Bishkek, Bogota, Dakar, Kabul, Islamabad, Istanbul, Nairobi, London, New York, and Washington, DC. It has presences in the following locations: Abuja, Algiers, Bangkok, Beirut, Caracas, Gaza City, Guatemala City, Hong Kong, Jerusalem, Johannesburg, Juba, Mexico City, New Delhi, Rabat, Sanaa, Tblisi, Toronto, Tripoli, Tunis, and Yangon.

Crisis Group receives financial support from a wide range of governments, foundations, and private sources. Currently Crisis Group holds relationships with the following governmental departments and agencies: Australian Department of Foreign Affairs and Trade, Austrian Development Agency, Canadian Department of Foreign Affairs, Trade and Development, Danish Ministry of Foreign Affairs, Dutch Ministry of Foreign Affairs, European Union Instrument contributing to Stability and Peace (IcSP), European Commission, Directorate General for Neighbourhood Enlargement Negotiations, Finnish Ministry for Foreign Affairs, French Development Agency, French Ministry of Foreign Affairs, German Federal Foreign Office, Global Affairs Canada, Irish Aid, Principality of Liechtenstein, Luxembourg Ministry of Foreign Affairs, New Zealand Ministry of Foreign Affairs and Trade, Norwegian Ministry of Foreign Affairs, Swedish Ministry of Foreign Affairs, and the Swiss Federal Department of Foreign Affairs.

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**March 2018**

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**Appendix I: Reports and Briefings on Latin America since 2015**

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**Special Reports**

*Exploiting Disorder: al-Qaeda and the Islamic State*, Special Report N°1, 14 March 2016 (also available in Arabic and French).

*Seizing the Moment: From Early Warning to Early Action*, Special Report N°2, 22 June 2016.

*Counter-terrorism Pitfalls: What the U.S. Fight against ISIS and al-Qaeda Should Avoid*, Special Report N°3, 22 March 2017.

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*Back from the Brink: Saving Ciudad Juárez*, Latin America Report N°54, 25 February 2015 (also available in Spanish).

*On Thinner Ice: The Final Phase of Colombia's Peace Talks*, Latin America Briefing N°32, 2 July 2015 (also available in Spanish).

*Venezuela: Unnatural Disaster*, Latin America Briefing N°33, 30 July 2015 (also available in Spanish).

*Disappeared: Justice Denied in Mexico's Guerrero State*, Latin America Report N°55, 23 October 2015 (also available in Spanish).

*The End of Hegemony: What Next for Venezuela?*, Latin America Briefing N°34, 21 December 2015 (also available in Spanish).

*Crutch to Catalyst? The International Commission Against Impunity in Guatemala*, Latin America Report N°56, 29 January 2016 (also available in Spanish).

*Venezuela: Edge of the Precipice*, Latin America Briefing N°35, 23 June 2016 (also available in Spanish).

*Easy Prey: Criminal Violence and Central American Migration*, Latin America Report N°57, 28 July 2016 (also available in Spanish).

*Colombia's Final Steps to the End of War*, Latin America Report N°58, 7 September 2016 (also available in Spanish).

*Venezuela: Tough Talking*, Latin America Report N°59, 16 December 2016 (also available in Spanish).

*In the Shadow of "No": Peace after Colombia's Plebiscite*, Latin America Report N°60, 31 January 2017 (also available in Spanish).

*Veracruz: Fixing Mexico's State of Terror*, Latin America Report N°61, 28 February 2017 (also available in Spanish).

*Mafia of the Poor: Gang Violence and Extortion in Central America*, Latin America Report N°62, 6 April 2017 (also available in Spanish).

*Power without the People: Averting Venezuela's Breakdown*, Latin America Briefing N°36, 19 June 2017 (also available in Spanish).

*Colombia's Armed Groups Battle for the Spoils of Peace*, Latin America Report N°63, 19 October 2017 (also available in Spanish).

*Venezuela: Hunger by Default*, Latin America Briefing N°37, 23 November 2017 (also available in Spanish).

*El Salvador's Politics of Perpetual Violence*, Latin America Report N°64, 19 December 2017 (also available in Spanish).

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